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The Global Newspaper Edited and Published in Paris Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, New York, Rome, Tokyo, Frankfurt.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post PARIS, SATURDAY-SUNDAY, FEBRUARY 13-14, 1993

Subscription rates: 1993 \$120/£45/DM 180/FF 1800. Single copies: 1993 \$4.00/£1.50/DM 6.00/FF 60.00.

An Ailing Old Order Fades With Craxi's Resignation But Can a Discredited Political System Produce the New Leaders Italy Needs?

By Alan Cowell
ROME—Ever since elections last year registered Italians' disenchantment with the clutch of leaders who finessed—or finagled—their way to power on the coattails of the Cold War, this land has been filled with the sense that an old order is dying, hounded by history and a record of misdoing.
On Thursday night, with a 25-minute resignation speech to his party by Bettino Craxi, the Socialist leader, it seemed the malady had become irreversible.
Mr. Craxi was the last of Italy's postwar influence-dealers, a former prime minister and ubiquitous political presence who thrived on the Byzantine maneuvering through which the nation's leaders paroled out power and patronage for decades.
Since December, haunted by persistent accusations of corruption in a widespread bribery scandal, he had resisted calls for his departure from the party he had led since 1976. Yet, as he finally quit, Mr. Craxi was forced to acknowledge that the land had crossed some kind of watershed. "New leaders and a new political generation must take over the party," he said.
That, though, left unanswered one of the country's more perplexing questions: Where will the new leaders be found in a political system that is seen by many Italians as utterly discredited?
The question is all the more tantalizing since, only a day before Mr. Craxi's resignation, his heir-apparent in the Socialist Party, Justice Minister Claudio Martelli, who had promoted himself as the emblem of the "new political generation," also resigned after magistrates told him he was being investigated in connection with a banking and corruption scandal.
When the party caucus met Thursday night and Friday to seek a new leader, the choice came down to two lightweights with little national standing or clout—a deputy interior minister, Valdo Spini, and a former union leader, Giorgio Benvenuto.
When the results were finally announced, Mr. Benvenuto was chosen to lead the party. Mr. Benvenuto, 55, who left his union post to become director-general of the Finance Ministry a little more than a year ago, received 306 votes at the party's general assembly to 223 for Mr. Spini.
For both men, the principal qualification for the job lay in their failure to have risen to prominence earlier: never having achieved power in the past, in other words, they were less likely to have exploited it for nefarious purposes.
Since early 1992, magistrates in Milan, the Socialist power base, have been assiduously unraveling kickbacks that tied leading politicians to the barons of business in a system that enabled political parties to bankroll themselves through bribes paid in return for public-works contracts.
More than 400 politicians, civil servants and



Gerhard Göbel, pilot of the hijacked flight, on his return to the Frankfurt airport Friday. Behind him is a mural showing the airport.

Pilots Fault Frankfurt Airport Security Airport Officials Deny Lapse Since Lockerbie Bombing

By Brandon Mitchener
International Herald Tribune
FRANKFURT—The head of Germany's Airline Pilots Association said Friday that Frankfurt airport security was growing lax, after a hijacker smuggled a weapon aboard a Lufthansa flight and diverted the plane from Europe to New York.
"Attention at security checks grows short since the 1988 bombing of Pan Am Flight 103, which many authorities believe was caused by a bomb loaded onto the plane in Frankfurt."
Lufthansa and airport officials said they were tightening security at Frankfurt International Airport, Continental Europe's busiest, following the hijacking Thursday.
But they denied that security had eased since the 1988 bombing of Pan Am Flight 103, which many authorities believe was caused by a bomb loaded onto the plane in Frankfurt.
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Powell Urges Slower Pace Of Cutbacks In Military But He Acknowledges Need to Accommodate Clinton's 'New Ideas'

WASHINGTON—In the face of pressure from the new U.S. administration for a leaner, less costly military establishment, General Colin L. Powell, the chairman of the Joint Chiefs of Staff, said Friday that the armed forces should move slowly and deliberately toward that goal.
"Although change is inevitable and necessary, we must guard against precipitous recommendations for changes that lack thorough and thoughtful analysis," General Powell cautioned in a major position paper on the future of the military.
If we proceed too quickly, or impose changes so large they cannot be absorbed," he said, "the risk is that we may destroy the basic fabric of our fighting force."
George Stephanopoulos, the White House communications director, had no direct comment on the report beyond saying: "The president has called for faster troop reductions. We'll take a look at General Powell's report."
The general, in a news conference introducing the report, spoke of the "rapidly changing environment" and noted that "there's a new team on board and we're going to get new ideas from that new team."
But it was clear that his cautious approach was in contrast to President Bill Clinton's demands for a more urgent pace in streamlining the military and cutting costs.
General Powell said his report was prepared during the Bush administration, and he said the military leadership was "ready to go right back to work" to accommodate any changes the Clinton administration wanted.
The document recommends ending some duplications in maintenance and training among the army, navy, air force and Marine Corps, but advises against major consolidation of military roles carried out by the four services.
In particular, General Powell said he saw no good reason to merge any of the services' air capabilities.
"It may have a surface attractiveness," he said, "but it is fundamentally dumb."
He advised against consolidating air support, search and rescue, attack helicopter, theater air defense or jamming functions, saying such steps would reduce military readiness or would not be cost-effective.
General Powell also warned against bringing down the size of the U.S. overseas force too rapidly. The Clinton administration wants to reduce the level of U.S. troops in Europe to 100,000 by the end of 1996, down from previous goals of 150,000.
"Further reductions in forward stationed forces can be made," the general said. But he added that the "current rate of reduction should be maintained."
"Going any faster would adversely affect the cohesion and readiness of the overall force structure," he said.
General Powell delivered the report to De-

A Nominee Who Knows How to Win People Over New Justice Candidate Is Long on Savvy

By Michael Isikoff and David Von Drehle
WASHINGTON—In choosing Janet Reno as the first woman to be attorney general of the United States, President Bill Clinton selected a tough Miami prosecutor with a demanding style and a record of turning political critics into allies and friends.
A workaholic who has been known to take her sleeping bag to the office, Miss Reno was described by friends and colleagues as a person of ramrod integrity who has spent 15 years prosecuting homicides, drug smuggling and violent street crimes in Dade County, Florida.
But her most striking attribute, many of them said, is her political savvy—an asset that has enabled the 54-year-old Harvard Law School graduate to win lopsided elections repeatedly, with strong support in Miami's diverse ethnic communities.
"Janet Reno is the most accessible political figure in the state of Florida," said H.T. Smith, a prominent black Miami lawyer who was once a vocal critic. "She returns every phone call. She's all over the community. People feel if they have a problem, they can speak to her. I was one of her strongest critics, and in the past 12 years, she's convinced me she's honest to a fault, that she's sincere and sex played no part her prosecutorial and employment decisions."
As Mr. Smith's comments suggest, Miss Reno has been no stranger to controversy. She has been attacked for failing to attend sufficiently to public corruption, for bungling high-profile cases and for sloppy management of the Dade County state attorney's office, a \$33 million-a-year division that with 238 lawyers is one of the largest in the country.
Her relationship with the black community was strained for years by charges that she turned a blind eye to allegations of police

Kiosk UN Chief Sets Pullout Of U.S. Somali Force

WASHINGTON (NYT)—The United Nations secretary-general, Boutros Boutros Ghali, is finishing a plan to bring American troops home from Somalia by early April and replace them with a multinational corps of 15,000 to 20,000 soldiers under the command of a Turkish general, diplomats and Pentagon officials said Friday.
The plan would leave 3,000 to 5,000 American troops under the command of a foreign officer, a departure from long-standing United States policy.
Mr. Boutros Ghali, who left Thursday for a weeklong trip to Japan, is expected to submit his final plan to the Security Council shortly after he returns.
General News
France's latest scandal touches a bastion of common-sense socialism. Page 2.
Religion has become a source of division since the Cold War's end. Page 2.
Business/Finance
The Bronfman are selling their stake in Labatt, the Canadian brewer. Page 9.
Money Report
Latin American income streams, the pick of European privatizations. Page 13-15.



SNIPER-HUNTING IN MOGADISHU—A Marine lieutenant leading a corporal up a rubble-strewn stairway Friday as they tracked a sniper who fired at Marines. U.S. troops in Somalia are arguing plans to lift a military ban on homosexuals. Page 3.

Bane of Students, the SAT Is In for an Aptitude Adjustment

By Mary Jordan and Joel Achenbach
WASHINGTON—O.K., students, get your No. 2 pencils ready. The Scholastic Aptitude Test has:
(a) a stupid name.
(b) a fine name.
(c) a name caught up in the web of political correctness.
All of the above may be true, as the College Board in New York considers whether to change the word "aptitude" from the most famous test in America. Every year, about 1.5 million teenagers spend the most dreaded three hours of their high school years wrestling with the SAT. It is supposed to predict how well they will fare in college and keeps many from entering the school of their choice.
But now, after decades of benign acceptance, the word "aptitude" has fallen into disfavor. "Aptitude" implies raw intelligence—or lack thereof. Some test officials now worry that may be too sensitive a claim to make, especially for a test already besieged by criticism that it is biased against minority groups.
A College Board spokesman, Robert C. Seaver, said names under consideration, which are intended to retain the well-known acronym SAT, range from the subtle Scholastic Achievement Test, to the mouthful: Student Assessments for Transition. There is also the slightly puzzling Student Attainment Test.
"All of those have been discussed in one form or another or at one time or another, with varying degrees of seriousness," Mr. Seaver said. "There are many 'A' words and there are many 'S' words that have been proposed."
If the name is changed, it is likely to happen in the next few months, accompanying a long-awaited redesign of the test.
At the New York headquarters of the College Board, which represents more than 3,000 colleges and education groups, the name search has been kept quiet, so outsiders have not had a chance to take part.
"At a minimum we think the name should be changed," said Robert Schaeffer, public education director of the National Center for Fair & Open Testing, a watchdog group involved in some discussions of the name change. "The test-makers have knowingly mislabeled their product."
But the last thing critics of the test want is to allow a cosmetic name change to mask alleged bias problems with the test.
Women, for instance, consistently have scored lower than men on certain parts of the SAT, but they go on to get better college grades, Mr. Schaeffer said.

U.S. Quandary: How Far to Go In Bosnia Talks

By Elaine Sciolino
WASHINGTON—As Clinton administration officials begin grappling with their newly announced policy on the Balkans, they are struggling to reconcile seemingly contradictory goals.
On the one hand, the administration has said that it will plunge directly into the negotiating process led by Cyrus R. Vance and Lord Owen, and that its involvement will make a crucial difference.
On the other hand, Washington is taking care not to braise egos by oversteering the negotiations at the United Nations and putting them under a U.S. umbrella.
"We're certainly not going to take over the negotiations," Secretary of State Warren M. Christopher said Thursday. "We regard our role as bringing our good offices to bear, playing a constructive role, but we will not necessarily be at the table."
But neither Mr. Christopher nor other administration officials have said where the administration's place will be if not at the table.
Already the administration has caught itself in an uncomfortable position, because, by entering the talks, it will have to meet face-to-face with people the Bush administration said should be tried as war criminals.
Reginald Bartholomew, the ambassador to the North Atlantic Treaty Organization who was named special U.S. envoy to the peace talks, intends to sit down with all the parties, including President Slobodan Milosevic of Serbia and the Bosnian Serb leader, Radovan Karadzic. Both Serbs were included on a list of suspected war criminals presented to a Geneva conference on the Balkans in December by the secretary of state at the time, Lawrence S. Eagleburger.
"Of course I anticipate having such contacts as part of our support for the whole process," Mr. Bartholomew said.
Mr. Bartholomew was in Moscow on Friday to seek Russian support for the tightening of UN sanctions against the rump Yugoslav state of Serbia and Montenegro.
The 56-year-old envoy, who was assistant secretary of state for political-military affairs when Mr. Vance was secretary of state in the Carter administration, will sit down at the

WORLD BRIEFS

France's Latest Scandal Tarnishes an Icon of Socialism

By Joseph Fitchett
International Herald Tribune
PARIS — Numb by a spate of scandals, French opinion now seems almost bemused by an unfolding saga about Prime Minister Pierre Bérégovoy and his interest-free million-franc loan from a shady French businessman.

interlude as the parliamentary opposition and formed a new government, thanks to an electoral campaign that stressed their moral superiority to allegedly greedier, less selfless conservatives.

Although Mr. Pelat died during the investigation, prosecutors said that he apparently got information improperly at a party given by Mr. Bérégovoy at a Paris restaurant just as the state-owned company Pechiney closed the deal.

Dubious behavior by politicians has not been confined to the Socialists: Jacques Chirac, the leading conservative contender for the presidency, was reported this week to have spent vacations in Oman and Mauritius that appeared lavish for someone living on an official salary.

Former President Valéry Giscard d'Estaing, leader of the other main conservative party, has been linked to a bribery scandal involving a Paris financier who died in prison last month awaiting trial.

Jewish Group Backs Bonn on Rightists

BERLIN — Members of a U.S. Jewish delegation said Friday that a five-day visit to Germany helped assure them that the government was dealing with rightist extremism, yet they still were concerned about the future.

Other members of the delegation made similar comments, echoing the impressions of earlier foreign Jewish groups that have been drawn to examine events in Germany five decades after the Nazi Holocaust.



ANARCHISTS IN ATHENS — Some of a group of anarchists lobbing sticks at police officers in Athens on Friday. The police used tear gas to disperse the group, who attacked vehicles with gasoline bombs after a march by students seeking more funding for education.

Religion, Without Communist Bogeyman, Loses Its Unity

ROME — When Pope John Paul II addressed a huge and unruly open-air Mass in Khartoum, the predominantly Muslim capital of Sudan, his juxtaposition with the Islamic authorities evoked a fundamental shift in the role religion has come to play since the Cold War.

cross adorned with a representation of a black Christ. The pope's aides justify such overt intervention in a country's affairs on religious and humanitarian grounds: Should a good shepherd abandon his flock to what, in this case, the Pope seemed to be saying was the butcher?

Possibly, the Pope reflected in a conversation with reporters, Western models should not be imposed too quickly on Africans as they strive for their own ways of democracy. "Perhaps they have some values that we Westerners have lost," he said.

It was in Khartoum, though, that the conflicts took on their sharpest profile. The Pope's surprisingly harsh confrontation with the government of General Omar Bashir and his insistent demands for religious freedoms for Christians invited unfavorable comparison with his less impassioned, though more frequent, defense of the rights of Muslims in Bosnia.

My good wishes for the Sudan become an earnest prayer that God's gift of peace will become a reality in your midst, that harmony and cooperation between north and south, between Christians and Muslims, will take the place of conflict.

RELIGIOUS SERVICES
AMSTERDAM: CROSSROADS INTERNATIONAL CHURCH...
BARCELONA: INTERNATIONAL BAPTIST CHURCH...
BREMEN: INTERNATIONAL BAPTIST CHURCH...
BUCHAREST: INTERNATIONAL BAPTIST CHURCH...
COTE D'AZUR: CORNERSTONE CHRISTIAN FELLOWSHIP...
FRANKFURT: CHRIST THE KING...
MADRID: COMMUNITY CHURCH...
MUNICH: INTERNATIONAL COMMUNITY CHURCH...
MONTE CARLO: INTL FELLOWSHIP...
PARIS and SUBURBS: THE AMERICAN CATHEDRAL...
HOPE INTERNATIONAL CHURCH...
SWITZERLAND: ST. ANTON...
HAMBURG: INTERNATIONAL BAPTIST CHURCH...
HOLLAND: TRINITY BAPTIST...
KRAKOW: INTERNATIONAL BAPTIST FELLOWSHIP...
MUNICH: INTERNATIONAL BAPTIST CHURCH...
PARIS and SUBURBS: EMANUEL BAPTIST CHURCH...
BUDAPEST: International Baptist Fellowship...
BULGARIA: INTERNATIONAL BAPTIST CHURCH...
CELLE/HANNOVER: INTERNATIONAL BAPTIST CHURCH...
DARMSTADT: DARMSTADT/BERNSTADT BAPTIST MESSI...
DÜSSELDORF: INTERNATIONAL BAPTIST CHURCH...
FRANKFURT: INTERNATIONAL CHRISTIAN FELLOWSHIP...
UNITARIAN-UNIVERSALIST...
EUROPEAN UNITARIAN UNIVERSALISTS

Major Accepts Damages Over His Libel Action

LONDON — Prime Minister John Major accepted a public apology, undisclosed damages and legal costs Friday in the first round of libel actions over allegations that he had had an affair with a caterer.

Outside the court, Miss Latimer, 41, said she hoped the legal action "gets tidied up very quickly."

Ex-Post Reporter Files Libel Suit Against Time

LONDON — A former Washington Post correspondent, Dusko Doder, has filed a libel suit here against Time magazine over an article that accused him of accepting money from the KGB secret police while he was Post bureau chief in Moscow.

Mr. Doder's many reporting coups in Moscow resulted from information fed to him by the KGB. Mr. Doder categorically denied the allegations. He was backed by senior Post executives.

German Criticizes 'à la Carte' Europe

BRUSSELS (Reuters) — The European Commission cannot operate on an "à la carte" basis, and countries that do not share its goals should consider dropping out, a senior member of the EC Commission said Friday.

North Korea Angered on Inspections

TOKYO (AFP) — North Korea warned the United States and South Korea on Friday to refrain from meddling in its nuclear program, in response to their pressure to accept international inspections.

Australian Coalition Has Edge in Poll

SYDNEY (AFP) — A new opinion poll forecasts a conservative coalition victory in Australian elections March 13.

Thai Crackdown Slows AIDS Drive

BANGKOK (AFP) — Doctors are having trouble monitoring the spread of AIDS by prostitutes here because a police crackdown on Thailand's sex industry is forcing those infected to go underground, a government official said.

Dissident Reporter Cites Freer China

SAN FRANCISCO (Reuters) — A Chinese dissident detained for 20 months after the 1989 massacre of pro-democracy protesters near Tiananmen Square says his country had become freer despite the wishes of the authorities.

For the Record

Mali's former president was sentenced to death Friday along with three senior army officers after a court found them guilty of mass murder.

Correction

A credit line for photographs of Venice in the Leisure section on Friday was inadvertently omitted. The photos were taken by John Brunton.

TRAVEL UPDATE

Forty-eight years after the firebombing of Dresden, the East German city on Friday held a ceremony marking the start of reconstruction of the Frauenkirche, the church destroyed by Allied bombers.



A LOOK AT CAMBODIA'S PAST — President François Mitterrand of France at the Angkor Wat temple complex near Siem Reap, Cambodia, on Friday, the last day of his Indonesian trip. He also met with French members of the UN force in Cambodia, saying they would stay "as long as necessary."

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FIRST 100 DAYS / REAL BATTLE OF THE CLINTON

POLITICAL NOTES

Weighty Conflicts for a Tough Republican

WASHINGTON—Senator Orrin G. Hatch, Republican of Utah, was the author and primary backer last year of legislation that benefited a drug company in which he owns stock worth as much as \$50,000, according to documents and interviews.

A Woman as the U.S. Air Force's 'Top Gun'?

WASHINGTON—President Bill Clinton is preparing to name Sheila Widnall, an aeronautics professor, as secretary of the air force, according to a report in the Washington Times on Friday, citing Defense Department sources.

The Incredible Shrinking Space Station

WASHINGTON—President Clinton's new budget will cut funding for NASA's planned space station by 40 percent, touching off another major restructuring of the project and more delays.

Quote-Unquote

President Clinton: "Janet Reno is ready to tackle the Justice Department's problems." Janet Reno: "I will work with the thousands of outstanding career lawyers in the Department of Justice to establish integrity, excellence and professionalism as the hallmark of that department."

Away From Politics

- More than 60,000 aftershocks have followed the 1991 earthquake that rocked Landers, California, on June 28, the most ever recorded in the United States following a major tremor, according to the Southern California Seismic Network at the California Institute of Technology in Pasadena.

With Shot at Drug Firms, Clinton Pushes Immunization

By Spencer Rich and Ann Devroy Washington Post Service WASHINGTON—President Bill Clinton lashed out Friday at the drug industry for "unconscionable" profiteering on childhood vaccines as he announced a proposed increase of \$300 million to help the states immunize an additional one million children this year.

communications director, George Stephanopoulos, raised the specter Friday of administration efforts to curb some industry tax breaks if prices did not come down. He said of drug company descriptions of their cost, "We just don't buy their explanations."

spending \$1 billion dollars more each year on advertising and lobbying than it does on developing new and better drugs," he said. "Meanwhile its profits are rising at four times the rate of the average Fortune 500 company. Compared to other countries, our prices are shocking."



Janet Reno with Bill Clinton in the White House Rose Garden as the president announced her nomination for attorney general.

On Somalia's Front, GIs Dig In: No Gays

By Molly Moore Washington Post Service MOGADISHU, Somalia—At any time, guard post or tent where U.S. troops are sweating out service in Somalia, the most hotly debated topic is President Bill Clinton's plan to eliminate the ban on gays in the military.

POWELL: A Slower Pace

While the chairman of the Joint Chiefs of Staff, General Colin L. Powell, and other military leaders couch their opposition to Mr. Clinton's plan in technical terms such as "unit cohesion" and "leadership problems," many of the men and women serving in Somalia are far more blunt.

RENO: Newest Justice Nominee Is Skilled at Winning Her Foes Over

(Continued from page 1) Reno in which she subjected one expert witness to a withering interrogation. "She took him apart so much the judge said it was the best cross-examination he'd ever seen," remembers Mr. D'Alemberte. "She can be devastating," he said, adding, "She's a delight to deal with, but she doesn't put up with stupidity very well."

that they have an opportunity to express their viewpoints," said Ray Havens, her top investigator. She is the oldest child of Florida pioneers, the journalist Henry and Jane Wood Reno, both now dead. Mr. Reno, a Danish immigrant, covered the police beat for 40 years at the Miami Herald. Over time, Miss Reno's mother progressed from the writing life to the status of a full-fledged Florida character: a gravel-voiced woman who drank hard and wrestled alligators.

To a Miami Rapper, She 'Gets Justice for All'

WASHINGTON—Janet Reno is the only cabinet nominee ever lionized in a rap song. On the 1988 "Respect" album by a young rapper named Anquette, there is a track titled "Janet Reno," which praises the Miami prosecutor because she "looks brothers up for not paying their child support."

She fined your a-- and locked you up. Now who can't post no bail? Anquette also addresses her female listeners: "Janet Reno gets justice for all. You can solve your problem with a phone call. She helped me out of a jam, I'm doing well on my own. It could be the same for you, it's been proven and shown."

AMERICAN TOPICS

In Food Safety Test, Wood Is a Cut Above

Wooden cutting boards quickly kill food-poisoning bacteria that survive very nicely on the plastic boards that have been widely promoted for years as safer than wood. So say microbiologists at the University of Wisconsin's Food Research Institute. They stumbled upon the finding while seeking ways to decontaminate wooden boards and make them as "safe" as plastic.

game becomes a diagnostic tool in what one could call a relatively safe environment, in the home." Better to find out then, she writes, than later on, in adolescence or adulthood: "If a photosensitive person became fixated on the strobe lights of an ambulance or fire engine while driving an automobile, the onset of a seizure could have catastrophic ramifications."

Ben Nighthorse Campbell, Democrat of Colorado, says he has no intention of lopping off his ponytail now that he has moved up from the U.S. House of Representatives to the Senate. He adds, "The ones who don't like it didn't vote for me anyway."

From 1908 to 1940, Sears Roebuck & Co. sold about 100,000 houses through its mail order catalogue, which is being dropped this year. For a few thousand dollars, buyers got floor plans, pre-cut lumber, nails, paint, doors, light fixtures and such delivered to the nearest railroad station. Competitors like Montgomery Ward and the Aladdin Co. offered similar deals. Thousands of these houses, architecturally undistinguished though they may be, are still standing. Typically, The New York Times reports, "rooms are small, basements sometimes leak and most second floors are unheated, owners say. But the houses, which go for \$20,000 to \$40,000 today, are sturdy and require few repairs."

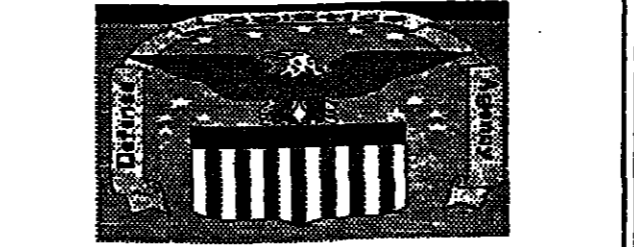
Judge Roy Hofheinz, owner of the Houston Astrodome and the Houston Astros baseball team, said 25 years ago that he doubted that people would pay to watch basketball in such a large setting. Guy Lewis, then coach of the University of Houston basketball team, who wanted the arena for a game against the University of California, Los Angeles, says he clinched his case by saying, "Judge, people sit up here and see baseball players down there, and all of my players are bigger than your baseball players. And you play with a little of baseball; we play with a big of basketball." Said the judge, "By golly, you're right." The game drew \$2,963 people, a record that lasted 19 years.

Arthur Higbee

Short Takes Video games do not cause epilepsy, writes Barbara Coven, chief of pediatrics at the Kaiser Permanente hospital in White Plains, New York, in a letter to the New York Times. "Light-induced seizures occur only in people with an underlying disorder," Dr. Coven writes. "If a child with no history of epilepsy has a seizure while playing Nintendo, the

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South Africa a Magnet for Black Professionals

By Bill Keller
New York Times Service

JOHANNESBURG — When Dr. Christopher G. Kibuka moved to South Africa in 1982, his destination was regarded through-out Africa as a hell invented by whites for blacks. To Dr. Kibuka, a black gynecologist from Uganda, hell was relative.

His own country had been laid waste by eight years under a savage despot named Idi Amin, whose secret policemen sometimes bashed in the heads of suspected enemies with sledge hammers. South Africa looked pretty good.

Dr. Kibuka, who now runs a private practice in the town of Krugersdorp, northwest of Johannesburg, was a pioneer in what has recently become a great migration.

Although reliable statistics are scarce, they suggest that black doctors, teachers, engineers and other professionals are now quietly streaming into South Africa from other African countries even faster than nervous whites are fleeing.

Africa has long been a migratory continent, its peoples constantly driven by war and famine across boundaries that, in any case, were largely the whims of colonial map-makers.

One out of every 18 Africans lives outside his country, according to The Southern African Economist, a monthly magazine published in Harare, Zimbabwe. Most of the displaced are unskilled refugees, but often the first to flee are the educated who tend to be the prime targets of suspicious, repressive governments.

A study by the Economic Commission for Africa estimated that in 1987, an astonishing 30 percent of the skilled manpower of Africa was living in Europe.

Some point to recent attacks on Chinese street hawkers and Mozambican mine workers as a precursor of the resentment against foreigners that may later be directed at more well-to-do immigrants.

"Already they are getting fed up with us," said a university lecturer from Ghana, who, like most of the immigrants interviewed, insisted he not be identified by name for fear of drawing attention to himself. "There's a lot of jealousy now. They say 'We endured apartheid, and you had all these opportunities.'"

Immigrants here come from at least a score of African countries, but the largest groups of foreign professionals seem to be from Uganda and Ghana, with growing numbers fleeing the desolation of Somalia and the chaos of Zaire.

In his apartment at Ponte City, a 51-story concrete building housing legions of foreign students and job-hunters in Johannesburg, a 22-year-old accountant from Zimbabwe itemized the gains he had made in his first three weeks since being transferred here by his employer, a major international auditing concern.

He has bought a new car and lined up a house in a white suburb, luxuries beyond his wildest dreams in Zimbabwe, ravaged by inflation. With the end of white rule in South Africa — or, as he puts it, "when independence comes" — his opportunities seem boundless.

"My company has about 50 partners in South Africa," he explained, frank about his ambitions in exchange for a promise of anonymity. "Not one of them is black. When a black government takes over, that's not the kind of thing they'll want to see, is it?"

In another sense, too, apartheid has worked to the advantage of job-seeking professionals from outside.

The huge majority of African professionals arrived in South Africa by way of the four ostensibly independent homelands invented by South Africa as repositories for its unwanted blacks.

The homelands were desperate for specialists to run their schools and clinics. And once a newcomer established himself in Transkei or Bophuthatswana, it was relatively easy to move, legally or not, across the unpoliced border into South Africa.

Dr. Kibuka, who was recruited first by a hospital in Bophuthatswana and later accepted for post-graduate work in Cape Town, estimated that today Ugandans alone make up 20 percent of the doctors and nurses and a quarter of the secondary school teachers in the four homelands.

The migrants say they retain a loyalty to their home countries and intend some day to return. Many of them have bought property or invested in small businesses back home. In South Africa they are, for the most part, sympathetic but detached observers, wary of getting drawn into political squabbles.

They are sometimes started or offended by the unbridled racism that endures in the continent's last white-ruled country.

The Ghanaian lecturer, a leading specialist in his field, was humiliated to learn that before leasing a house in a white suburb he would be required to get letters of approval from at least six of his prospective neighbors.

They are cautious about South African blacks, who press them to get involved in political issues they do not regard as their own.

"We are uneasy," Dr. Kibuka said. "People who have left countries because of turmoil, we are very sensitive to turmoil elsewhere. We look at South Africa as a country on the edge."



Farmers returning to their fields within 10 kilometers of Mount Mayon despite warnings.

Eruption Raises Philippine Alert

Reviews
LEGAZPI, Philippines — Mount Mayon in the Philippines exploded in clouds of superheated steam, smoke and ash on Friday, and scientists warned of greater eruptions to come.

A series of explosions shook the crater of the volcano 300 kilometers (200 miles) south of Manila, spewing clouds of ash and sand high into the sky.

Hot pyroclastic sand, ash and rock spilled from the crater and tumbled 4.5 kilometers down deep gullies toward villages on the lower slopes.

Farmers who had refused to leave their homes and livestock fled after a rumble and clouds of gray

and black smoke signaled the start of the first eruption since 1984.

There were no reports of injuries, but volcanologists cautioned that the eruption was only a moderate start and could get worse.

"We think the big one has not happened yet," said Leonila Baustista, a volcano expert in Manila. "What happened this morning is a start and will go on for some hours and days."

More than 50,000 people living in the 10-kilometer danger area around the cone had been evacuated after a violent explosion last week killed more than 60 people. But even with lava pushing toward them, some refused to leave.

From China, a Hint It's Seeking Aircraft Carrier

Beijing — China plans to obtain its first aircraft carrier and has secretly trained officers to command it, an official report disclosed.

"People should not be surprised if one day in the future the silhouette of an aircraft carrier appears in China's navy fleet," Zhao Xianfeng, a military affairs reporter for the

official Liberation Army Daily, wrote in Chinese Youth, a magazine published by the Communist Youth League.

Beijing has no current plans to build or purchase a carrier, the report said, but "has never promised that it will never possess an aircraft carrier."

It was the first official indication of China's desire to obtain a carrier, although no

high-level Chinese official has ever said the navy planned to add an aircraft carrier to the fleet.

The issue is a sensitive one for China's neighbors. Last September, when there were reports that Beijing would buy a carrier from Ukraine, the Japanese expressed misgivings.

China denied it had any intention of buying a carrier.

According to Mr. Zhao's article, Beijing set up a class in 1987 to train future commanders of an aircraft carrier. The group was formed on the direct orders of a former naval chief, General Liu Huaqing.

By the end of 1992, would-be commanders were sent to the most advanced Chinese-made guided missile destroyer to start sea training, according to Mr. Zhao's article.

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سكنا من الامال



Two suspected Palestinian guerrillas riding off to jail in an Israeli Army jeep after their arrest Friday in Khan Younis in the Gaza Strip.

Deal Done, Exile Crisis Still Nags At Israel

By Clyde Haberman
New York Times Service
JERUSALEM — Despite an agreement with the United States last week that was supposed to lay the matter to rest, Israel has not been able to end the two-month-old crisis over its deportation of about 400 Palestinians to Lebanon. Israeli officials have said repeatedly in recent days that their focus is no longer on the banished Palestinians but on reviving the Middle East peace talks, which have been suspended for two months and are unlikely to resume for at least two more months.

ANC and Government Reach Accord on Power-Sharing

By Paul Taylor
Washington Post Service
JOHANNESBURG — The governing National Party and the African National Congress were close to agreement Friday on effectively sharing power for as long as five years after South Africa's first universal suffrage election, which is expected in early 1994. Neither side said a deal had been struck, but the two longtime rivals appeared to have made trade-offs on key issues of interim power-sharing and federalism during their fourth round of talks in the last two months. "We have moved closer to each other," said Fanie Schoeman, deputy minister for constitutional affairs and a member of the government's negotiating team. On the proposal for five years of power-sharing, Mr. Schoeman said the two sides had agreed that after an election next year for a legislative body to write a constitution and serve as a parliament, there would not have to be a second election for five more years. "It is not a possibility, it is a fact," he said of that proposed timetable. Because both the legislative and the executive branches of the government chosen in that first election would be constituted on the basis of proportional representation, and because the ANC and the National Party are expected, between them, to win at least 75 percent of the vote, the agreement effectively binds them to work together in a coalition government. The ANC is thought likely to win more than 50 percent of the vote, and would thus be the senior partner. It remains to be negotiated how much blocking or veto power its junior and tertiary partners would have. The ANC secretary-general, Cyril Ramaphosa, insisted Friday night that there had been no change in official ANC policy that there should be a second vote as quickly as possible after the first election and the writing of a constitution — a task he said could be completed within nine months. Sources close to the negotiation said, however, that ANC negotiators had given private assurances on a five-year break between elections but did not want to acknowledge any deal publicly. They fear alienating supporters who are already accusing them of having made a pact with the devil. On the issue of federalism, the ANC said the government had made an important concession by agreeing that the boundaries, powers and functions of the regions in post-apartheid South Africa would be determined by the constitution-writing body. As a way to guarantee that the principle of federalism will be written into the new constitution, the government has apparently won its argument that some delegates to the constitution-writing body be elected from regional voter rolls — and that those delegates be granted special powers in deciding matters that affect regions.

BALKANS: U.S. Ponders Level of Involvement in Bosnia Peace Talks

(Continued from page 1)
United Nations with Mr. Vance, now serving as the UN negotiator, and Lord Owen, the European Community mediator, early next week. In unveiling the administration's initiative, Mr. Christopher said that the United States would push aggressively for the creation of a special international war crimes court, a suggestion he first made in his Senate confirmation hearings. But at those hearings, Senator Joseph R. Biden Jr., Democrat of Delaware, asked him about the wisdom of negotiating with people the United States had labeled as war criminals, and whether he was concerned that a map drawn up under the Vance-Owen peace plan that left the Serbs in control of some of their conquered territory "ratified the atrocities of ethnic cleansing." Mr. Christopher said that he had "a personal concern along these lines." U.S. officials in Geneva have begun consultations with other countries about the creation of a war crimes tribunal, and the State Department has begun to examine how such a statute could be drafted, a department spokesman, Richard A. Boucher, said Thursday. But in explaining the U.S. approach after it was announced, a senior administration official said of Mr. Milosevic's and Mr. Karadzic's sitting at the negotiating table, "I don't think we're ready to bring any accusations or indictments at the present time." There is similar confusion about whether territory conquered by force must be returned. Madeleine K. Albright, the U.S. delegate to the United Nations, said Thursday that the United States "will try to make a peace settlement which does not punish the victims and does not award the aggressors."

HIJACK: Pilots Group Complains of Lax Security

(Continued from page 1)
York on charges of air piracy, which carries 20 years to life in prison. He was held without bail. A Frankfurt prosecutor, Hubert Harth, said that Mr. Demeke had boarded the plane with a ticket paid by German welfare authorities after he withdrew an application for political asylum on Feb. 1. Mr. Demeke made two demands: that the plane be flown to New York and that he receive political asylum, an assistant U.S. attorney, Thomas Roche, said at the hijacker's arraignment in New York. Initial reports that Mr. Demeke also had demanded U.S. intervention in Bosnia were false, Mr. Roche said. The hijacking ended without bloodshed when Mr. Demeke surrendered to the authorities in New York, leaving a note of thanks to the plane's pilot and asking for political asylum. The gun he carried fires blanks, not bullets. "Of course you could take any airport in the world and if you really wanted to get a weapon through or some kind of bomb device, I'm sure there would be a way," said the pilot of the hijacked flight, Gerhard Göbel, who was held at gunpoint during the 11-hour ordeal. Nevertheless, he said he had no reason to doubt the quality of airport security in Frankfurt. "I have been flying out of Frankfurt for nearly two years and I have no reason to believe the security of Frankfurt airport is below standard," he said. But Mr. Kopf, the pilots' spokesman, said crews had long complained that cleaners and other staff only had to show identity cards before boarding, while passengers and crews were searched thoroughly before boarding a flight. Passengers also have reported a relaxation of security since the end of the Gulf War last year. Then, all electronic devices had to be turned on to prove that they did not conceal bombs, but recently, even complex video equipment and laptop computers have been waved through security checks untested. Frankfurt security personnel check boarding passengers manually and with hand-held metal detectors and screen all luggage with X-rays. "If you want absolute security, you need a dictatorship," said Klaus Severin, the local head of the federal border police, which is responsible for airport security. The Frankfurt-Cairo flight carried 104 passengers, including Americans, Japanese, Egyptians, Germans, a Canadian and a Somali priest whom German officials at one point misidentified as the hijacker. Feodor Goumenov, a passenger from Venezuela, said the flight was going smoothly until the captain announced, "There's a young gentleman on board who does not want to go to Cairo, and he has a gun pointed at my head." The Associated Press reported from New York. The plane was diverted to Hannover, Germany, where it was refueled. German officials said they let it take off for New York because the gunman had threatened to kill hostages. German authorities also said the hijacker gave assurances he would surrender once he arrived in the United States. Mr. Göbel, the pilot, described the hijacker as "extremely nervous, high-strung, and I considered him to be extremely dangerous." When he surrendered, the hijacker left behind the hat and a note for the pilot, said James M. Fox, head of the FBI's New York office. The note read: "Thank you. Here's yours. Tschüss" — German for "so long."

Bosnia Blocks Its Own Relief to Press UN

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — Hundreds of tons of supplies for relief efforts became piled up at the airport here Friday after Bosnian authorities refused to accept further humanitarian aid until settlements besieged by Serbian forces in eastern Bosnia were relieved. Bosnian officials said more than 100,000 people were at risk from exposure and starvation in parts of eastern Bosnia sealed off by Serbs. Most of the United Nations' efforts to reach the worst-hit areas have been unsuccessful. Sarajevo officials hope their refusal to accept the relief supplies will force the United Nations to use more aggressive means to get the supplies through. Mayor Mohammed Kresevikovic said the blockade would continue as long as necessary. "This is the least we can do for the thousands dying there," he said, referring to eastern Bosnia. All but one of the 19 local distribution centers were closed Friday, and even the open one was not handing out aid, an employee said. People interviewed on Sarajevo streets had mixed opinions of the Bosnian authorities' tactic. "It is not fair," one man said. But another — who, like the first one, refused to give his name — called it a "smart move." The United Nations High Commissioner for Refugees urged the Bosnian government to reverse its decision. "We don't want to see people starving to death in a town that we risk our lives to feed," a spokesman for the commissioner's office said in Geneva. She added that Sadako Ogata, the high commissioner for refugees, has asked the Bosnian Serb leader, Radovan Karadzic, to order Bosnian Serbs who are controlling eastern checkpoints to allow trucks with urgent food, medical and shelter supplies to pass through. Larry Hollingworth, operations manager for the high commissioner's local office here, said the step by the Bosnian authorities amounted to "punishing the wrong people." Our drivers went through very heavy shelling to reach Sarajevo yesterday," he said, "only to be told they couldn't unload in the city." With Sarajevo refusing to take delivery of further aid, officials estimated that 700 tons of supplies, including food and medicine, were piled up on the airport tarmac. Warehouse facilities at the airport, which comes under regular shelling and sniper fire, are minimal. About 380,000 people in Sarajevo have become dependent on UN humanitarian assistance in the 10 months since Serbian forces surrounded the city and put it under siege. There were these related developments Friday: In Moscow, Foreign Minister Andrei V. Kozirev told the Russian parliament he was optimistic that changing attitudes in Serbia would soon make UN sanctions against it unnecessary. "If Belgrade goes on the way it is now, the question of sanctions against Serbia will be over of its own accord," he said, adding that Russia would "be the first" to offer a resolution in the United Nations to lift the sanctions. Mr. Kozirev was reporting to the Congress of People's Deputies on Russia's policy on ending the conflict in the former Yugoslavia in advance of talks with President Bill Clinton's new envoy, Reginald Bartholomew. At the United Nations, the European Community mediator, Lord Owen, said that talks between Croatia and Serbia would begin next week in an effort to renew a peace agreement that recently collapsed amid renewed fighting. He said Serbs in the Croatian enclave of Krajina who had earlier boycotted such negotiations had now agreed to attend peace talks at the UN in New York. In Geneva, a United Nations rights envoy, Tadczysz Mazowiecki, said in a report that atrocities against women and children were still being committed in Bosnia-Herzegovina. Though political and military leaders of the Bosnian Serbs "bear the primary responsibility," he said, as the conflict goes on, "more and more atrocities are being committed by the other parties." A French legionnaire on peacekeeping duty died from wounds suffered in a mortar attack Friday.

Yeltsin Loses a Court Battle Judges Rule He Can't Ban Hard-Line Group

The Associated Press
MOSCOW — Russia's constitutional court said Friday that President Boris N. Yeltsin did not have the right to ban a hard-line opposition group. The decision came a day after Mr. Yeltsin and his chief adversary, Ruslan I. Khasbulatov, the parliamentary speaker, met to try to end a power struggle that has stalled the country's movement toward change. More meetings are scheduled for next week. The court ruled, 11 to 2, that Mr. Yeltsin acted unconstitutionally when he issued a decree on Oct. 28, 1992, that outlawed the National Salvation Front, dominated by pro-Communists and Russian nationalists. It was the second time the court, which he appointed, has overruled him. Last year, it upheld his 1991 ban on the Communist Party's national structures but said he was wrong to outlaw the party's grassroots organizations. Several groups of former Communists plan to rebuild the party at a congress this weekend, and the ruling on Friday may encourage other opposition groups to organize. Mr. Yeltsin banned the Front five days after its first meeting, calling it an extremist organization committed to the "overthrow of legal authorities." Its exact total of members is not known, but it claims 5,000 members in Moscow. Vladimir Iakov, a hard-line legislator, said the ruling was "the first battle we have won," and promised more skirmishes to come. Mr. Yeltsin's press office and legal department, which drafts de-

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DEATH NOTICE
TIMMONS
On Feb. 9, tragically at Mapperton, Dorset, Terry, aged 55. Sweetly remembered husband of Hilary, lovingly admired father of Patrick & Travis and beloved son-in-law of Lesel & Dorcen. Funeral due to be announced but any enquiries to: R. Davies & Son, Tel.: U.K. 272 424039.

Eva Niestrath 'Non-Retrospective'

By David Galloway

HAGEN, Germany—In a career that spanned nearly half a century and that was consistently oblivious to trends and market strategies, Eva Niestrath produced an oeuvre of sensitivity, originality and compelling power. Before her death on Jan. 1, she had assisted in planning three museum exhibitions that explore those subtle achievements.

The first of these "non-retrospectives," as she termed them, has now opened at Hagen's Karl Ernst Osthaus Museum, where the retrospective, spartan beauty of individual pieces is underscored by a persuasively less-is-more installation. Indeed, the entire show would seem to follow Walter Pater's famous dictum that "All art continuously aspires to the condition of music."

Niestrath's works are, in fact, conventionally assigned to the "Concrete Art" movement that propagated an autonomous form of expression that exists for itself, without reference to nature but with an underlying rhythmic organization like that of music.

There is scarcely a material — from papyrus to bronze, filter paper to wood, linen, brick, iron and volcanic stone — that did not take its place in her repertoire.

Above all, however, she favored the banal, workaday materials typical of Germany's Ruhr district. Though she spent time in Burgundy, prolonged absence from the smoking chimneys and hulking towers of the coal-and-steel landscape were unthinkable. Long before *arte povera* promoted the aesthetic of improvised materials, Niestrath had composed them into



A 1978 untitled pencil on linen on wood by Niestrath.

strokes onto a wooden structure or incised into damp clay intended for casting in bronze or iron.

In some cases, this sgraffito revealed itself to consist of a sensuously flowing, intertwined abstraction of the artist's own initials as though she were literally leaving her mark on the materials, yet never at the expense of their inherent structures.

Despite her reluctance to make public appearances, or statements or commitments, Niestrath welcomed a proposal by the Karl Ernst Osthaus Museum in Hagen, the city where she spent almost her entire artistic life, to stage an exhibition in other cities to round out the decade.

She collaborated intensively with the museum's staff, designed a catalogue and produced a virtuoso series of new sculptures though she was physically ill and nearly blind.

The non-retrospective that opened on Jan. 29 thus became a memorial show. But it was executed according to the artist's own precise instructions, which rejected chronology in favor of clusters of motifs and materials — principally works of the last decade — that reassert the fundamental consistencies in a life devoted to endowing inanimate matter with tension, drama and dignity.

Works by Eva Niestrath are on view at the Karl Ernst Osthaus Museum through March 14. The exhibition will go to Misa Munster House in St. Wendel, near Saarbrücken, from May 7 through June 13. Installation works are exhibited at the Markisches Museum in Witten, March 21 through April 30.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.



Glasses for sale at Sotheby's, including goblet with arms of Willem V of Orange and Nassau, second from left.

Objets d'Art, Without Hype

ONDON — Far from the world of hype, happy areas of traditional collecting, untouched by speculation, are as thriving as they were two years or 10 years ago. Attending Sotheby's Tuesday sale of British glass and ceramics was like stepping back into the past when almost anyone who wanted it badly enough could afford to acquire fine objets d'art.

It does not take a mega-income to pay £2,300 (\$3,221), the amount that a very elegant wine glass made

speculation observed in paintings or Art Nouveau and Art Deco. This is in part because there is no way of stepping into the field without doing one's homework first. As Simon Cottle, Sotheby's expert in European glass, remarks, traps exist here as in any other field. This begins with condition. Lot 1 in the sale, an "Anglo-Netherlandish armorial goblet" made around 1680, as splendid for its shape as for its elegant engraved coat of arms, looked irresistible. Small white specks, like minute snowflakes, gave it a poetically cloudy effect.

That, alas, was the problem. The catalogue tersely notes that it is "crizzled," i.e. it suffers from a glass disease induced by extreme fluctuations in temperature and humidity. The crystallization of salts will eventually turn it to dust. Hence the deceptively moderate price, £3,450, the armorial goblet brought at the sale.

Some thorny authenticity problems arise. Undecorated pieces of the 18th century were sometimes enhanced with engraved decoration in the 19th century. With modern glues, "marriages" can be arranged between a stem from one piece and a bowl from another. A seemingly intact object is thus created from worthless fragments or broken pieces. Self-training — in museums, antique shops, and auction houses — is necessary and takes years. The reward is the ability to buy in peace fine objects for very little because only rare collector's pieces generate competition.

The only other field where this is equally true is probably British ceramics. Although the number of players is larger, this, too, is a steady market, dominated by sophisticated buyers.

SOUREN MELIKIAN

around 1740 cost in the first few minutes of the auction. It only requires a good eye. Everything here is about proportion and line. There were other modestly priced pieces of even finer quality with additional documentary interest. A beautifully shaped bottle, its globular body, slightly compressed, carrying a tall tapering neck, could be had for £575. An incised inscription, "R. L. Jan. 1, 1731" gives it a precise date.

At wide intervals, the more important objects gave rise to outbursts of auction room fever, but without any mad excess. A Dutch glass was a masterpiece in form design and made more desirable by the superbly engraved arms of Willem V of Orange and Nassau. A Latin inscription wishing long life to Willem Carel Hendrick Friso (King William IV of Orange and Nassau) includes the date March 8, 1748. That implicitly gives the clue to the occasion for which the glass was commissioned — the birth of Willem V, heir to the throne.

WHEN last sold at Christie's in Amsterdam as part of the celebrated Grépin collection, which was auctioned on July 5, 1989, it had gone up to 9,775 guilders, then about £3,000. On Tuesday, the glass went far above the estimate, £800 to £1,200 (plus the 15 percent premium) but remained well below the 1989 level, as it sold for £1,955 (about \$2,770). In these traditional areas, collectors invariably feel suspicious when an object comes back too soon. The moderate price says a lot about their self-discipline, typical of true collectors. That same discipline accounts for a very slow evolution of price patterns in the field.

This is not to say that glass collecting is impervious to fashions. In the 1980s, the Japanese took a strong interest in Bohemian glass of the 19th century, sending prices up. Later, the Norwegians caused a sharp rise in Norwegian glass when two silver collectors decided to turn their attention to glass — for which they paid the price of silverware. The temperature has gone down quite a bit now. But at no point has there been anything like the blatant

strong element of novelty to stir up a traditional attendance of collectors and the afternoon session had it. A group of 63 lots of English blue and white porcelain of the 18th century from a collection formed before World War I had turned up like a forgotten time capsule. Allison Bremner lived in Kent at a time when the best was available and she had a remarkable eye. The cognoscenti were further excited by the presence in her collection of a group of vessels from a factory that was only identified two years ago, discovered during the digging of a tunnel between the Docklands and Canary Wharf. Bernard Watney, a specialist in English Blue and White, conducted excavations through the area where he thought the Limehouse factory must have been located. Sherds were found, providing evidence presented in 1991 by Watney.

THE newly identified Limehouse wares from the Bremner collection electrified the attendance. A scallop shell dish decorated with a Chinaman in a garden tripled the high estimate at £5,060. A pickle leaf dish painted like the first Limehouse dish around 1744-1748, nearly quadrupled its estimate as it climbed to £2,990.

The prices would not have been higher when the art market as a whole was riding a crest in the spring of 1990. Indeed, Arney notes that the 1991-1992 slump had a limited impact on English 18th-century ceramics. Its most noticeable consequence is the reticence of dealers, intimidated by the prevailing gloom. Collectors now play a more prominent role at auction than is customary in London.

An amusing incident illustrated the fact. One of the most splendid objects in the sale was a Derby tureen decorated in the last two decades of the 18th century by William (Quaker) Pegg with floral specimens. Taken from botanical plates, they are as precise as their swirling movement is dazzling. Plates decorated with the pattern have so far sold under £5,000.

For a monumental piece, however, Arney plausibly thought that £20,000 to £30,000 was a reasonable estimate. The collectors, dazzled but uncertain about the estimate, sat on their hands. The tureen was bought in at £12,000. As soon as the sale was over, inquiries directed at Arney started coming in. Did he really think the tureen was worth that much? He did, Arney says that the tureen has now been sold to one collector "not far below the estimate."

Interestingly, even in the more

excited atmosphere of the afternoon, fine pieces could still be bought at accessible prices. A Worcester cabbage leaf molded jug decorated in underglaze blue and gilding around 1783-1788 cost its inspired buyer £506. The auctioneer, this time Mark Newstead, took the bids briskly but unflappably. It was all cool, courteous, and professional. Collecting in that most traditional British field suddenly seemed to have brought back the traditional British way of life as it used to be, a long time ago.

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Back With the People

Clinton's Trip Is Timely

President Bill Clinton got out of Washington this week and not a minute too soon. Sure, he has had moments of triumph, look his swift reversal of the Bush administration's mean-spirited restrictions on abortion...

By traveling to Detroit for a town hall meeting, Mr. Clinton gave himself a chance to drink again from the wellspring of political inspiration. He also put on display the qualities that led many voters to turn to him as a figure of hope.

Bill Clinton at his best is a politician who invests his campaign events with jewel-like moments of human contact. Such a moment occurred when John Marbury, whose son was killed by a robber, asked Mr. Clinton about urban crime. The president began by thanking Mr. Marbury for having the courage to come here tonight with all the pain you must feel.

It can be argued that Mr. Clinton prevailed in the Democratic nominating process and in the general election because, of all the candidates, he alone felt a primal connection with the pain of the American people. Indeed, the initial weeks of this presidency have been disturbing in part because Mr. Clinton seemed to have come unglued from that connection.

Maybe the mea culpa at the start of his televised town hall was formalistic, but it contained a truth that Mr. Clinton and his staff need to internalize. He said he had learned that "after only three weeks how easy it is for a president to get out of touch, to be caught up in the trappings of Washington, and basically to be told by people that nothing needs to be changed or you can't change things."

Mr. Clinton should know whereof he speaks. Democrats in Congress are already telling him that nothing really needs to be done to clean up campaign finance. As he turns now to the budget and health care, the Republicans will join the chorus in an effort to protect their party's sacred cows.

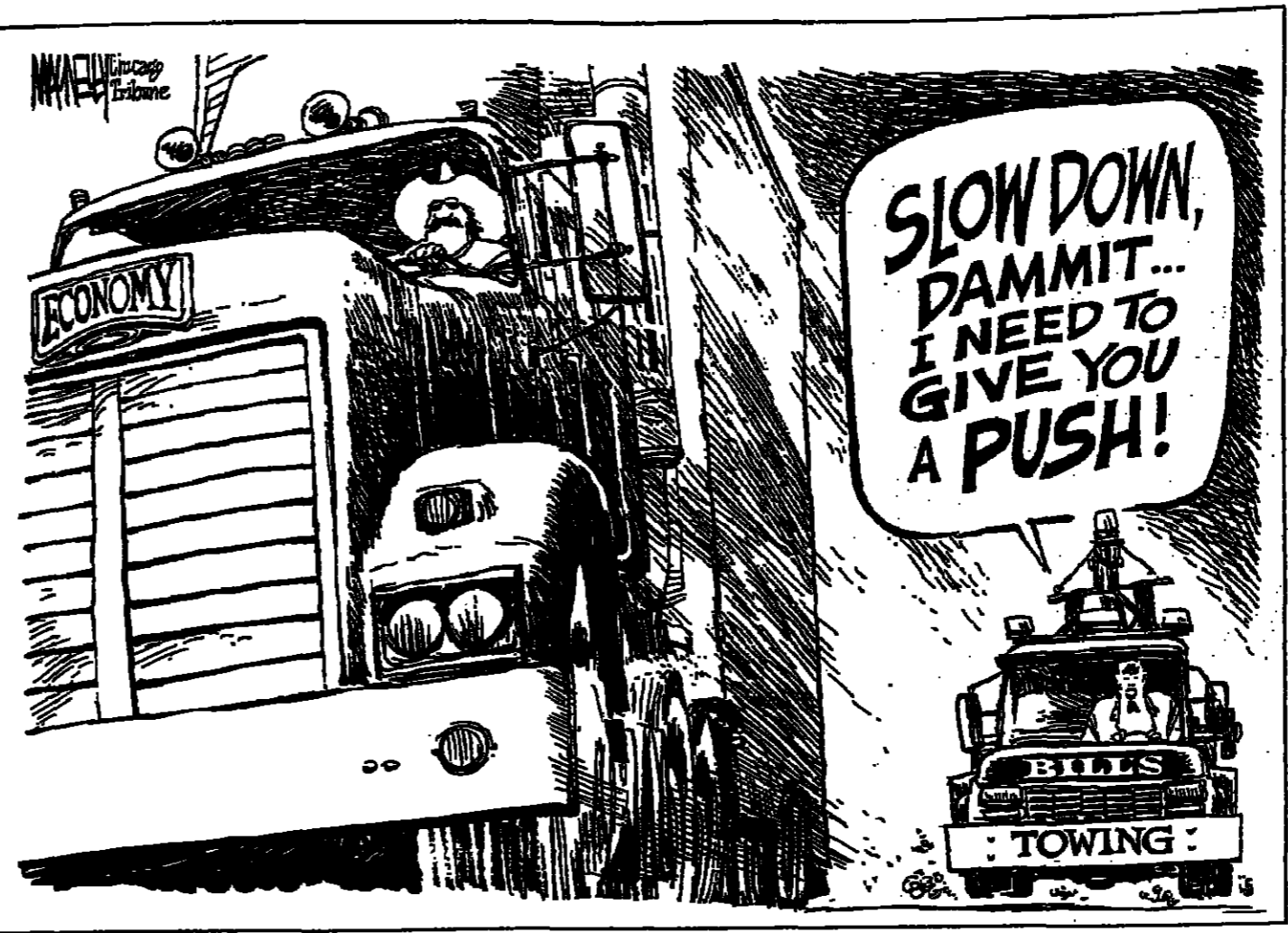
But those people are Mr. Clinton's strength and, indeed, his only protection. Left to his own preferences, official Washington will spit him out like a bad grape. This means that Mr. Clinton needs more, not fewer, trips into America. It also means that any agreement actually found will result in a settlement—a valid one, which lasts.

The proposal is also an honorable one, in that it accepts an American share in the responsibility for enforcing an agreement. Washington accepts that Americans must share the risks that Canadians, French and British troops, together with those from many other countries, have been exposed to for more than a year.

It is an honorable plan but fundamentally a futile one. As Secretary of State Warren Christopher said in introducing it, "past inaction" has let far too many crimes pass unpunished in the former Yugoslavia, and too many legal and moral thresholds be breached without effective international response.

I suppose it is too cruel to say that the Vance-Owen negotiations have been the sort of thing that has given diplomacy a bad name, abandoning principle for the sake of agreement, and falling even to get that. Both the internationally recognized Bosnian government and the self-proclaimed government of the Bosnian Serbs refused to accept the Geneva plan, and Mr. Vance and Lord Owen came to New York to get the United States and the United Nations to put enough pressure on Bosnia's government leaders to force them to say yes.

Two things are changed. The American plan forecloses the possibility of American intervention on Bosnia's side, a hope clung to until now by the defenders of Sarajevo. On the other hand it offers American policing of any agreement. Conceivably the combination of these two new factors will persuade President Alija Izetbegovic to sign.



Clinton's Bosnia Plan: Honorable, Ultimately Futile

By William Pfaff

NEW YORK — The Clinton administration's plan for Yugoslavia is stronger than one would have expected, although not strong enough. For the first time, the United States has a comprehensive and active position on Yugoslavia, and this will make a difference. It makes it more likely that some kind of agreement will be found. It does not mean that any agreement actually found will result in a settlement—a valid one, which lasts.

The Vance-Owen plan is a good thing, but it is a military position to take back from the Serbs regions lost during 1991 and early 1992, and who therefore have little reason to accept less. The Vance-Owen talks thus ended in an effort to get the great powers to impose a settlement. That cannot work. The American proposal says that Bosnians, Serbs and Croats must end the conflict through negotiations to find a settlement among themselves. That is different. But is there any reason to think that the three camps in Yugoslavia are more likely to agree after this American initiative than they were at Geneva?

Pyongyang Turns Up The Heat

By Mitchell Reiss

WASHINGTON — North Korea's recent refusal to allow experts from the International Atomic Energy Agency to visit two suspected nuclear waste sites has prompted the agency to request a rare special inspection. It is the latest evidence of rising alarm over the North Korean program. The prospect of a nuclear-armed Pyongyang has serious implications for U.S. security interests in Korea and Northeast Asia, as well as for international efforts to stop the spread of nuclear arms.

Until the recent setback, several measures in the past year had increased confidence that effective constraints were being placed on North Korea's nuclear program. In January 1992, Pyongyang finally signed away guards agreements with the IAEA. Four months later it submitted a list of its nuclear facilities and materials to the agency. In May, Hans Blix, the IAEA director-general, visited some of North Korea's nuclear facilities. Six inspections have taken place.

Should North Korea refuse the IAEA request for a special inspection, Mr. Blix could refer the matter to the agency's board of governors, due to meet Feb. 22. The board can then refer the matter to the United Nations Security Council.

The council's options range from merely discussing the matter to imposing economic sanctions. Even if a Chinese veto were not an obstacle, the Security Council can do little to compel Pyongyang to accept international inspection. The threat of isolation is hardly a weapon against one of the world's most isolated regimes. Nor is the North Korean economy readily susceptible to sanctions; it is already in dismal shape after three years of economic contraction.

Yet, offering North Korea "carrots" for improving its behavior would reward its refusal to live up to its original agreement with the IAEA. Both Washington and Seoul would firmly resist any such loosening. It may be, however, that the crisis will resolve itself. Some observers believe that Pyongyang's rebuff of the request for international inspection may have been in retaliation for the announcement of forthcoming U.S.-South Korean military exercises. Assuming that the UN Security Council has not acted by the time the exercises are completed at the end of March, Pyongyang may decide to allow the IAEA inspectors access.

Regardless, concern over North Korea's nuclear program will remain. A key to assessing the program would be to analyze the core from the research reactor at Yongbyon and compare it against its operating records. An examination of the core could confirm what some U.S. government analysts suspect: that a significant number of spent fuel rods have been removed and perhaps reprocessed to make weapons-grade plutonium. Pyongyang claims that only a few damaged rods have been withdrawn. Before the current crisis, the regime had promised the IAEA that it would be allowed to analyze the core this year.

The stakes for the Clinton administration are high. South Korea's first popularly elected civilian leader takes office Feb. 25. The U.S. commitment to a democratic South Korea means ensuring that the government of President-elect Kim Young Sam is not intimidated by the North. Pyongyang's continued refusal to cooperate with the IAEA would increase tensions in the Korean peninsula. It would also fuel speculation that South Korea and Japan might acquire nuclear weapons to counter North Korea. The United States might even be compelled to return the nuclear weapons that it removed from South Korea in late 1991.

How well the Clinton administration handles the North Korean problem will also influence the outcome of international efforts to prevent the spread of nuclear weapons. Along the revelations about the scope and sophistication of Saddam Hussein's nuclear weapons program, the IAEA is on trial in North Korea. Further, the Nuclear Nonproliferation Treaty is up for review in 1995, when members are to decide for how long it should be extended. If North Korea — a member of the treaty, like Iraq — should also flout its obligations, it would severely undermine confidence in the international nonproliferation regime, reversing a recent trend that has reduced the importance of nuclear weapons in global affairs.

The writer, a guest scholar at the Woodrow Wilson International Center for Scholars, in Washington, is writing a book on nuclear programs in the Third World. He contributed this column to the Herald Tribune.

Perhaps the Russians Will Help Him See the Light

By Charles Krauthammer

WASHINGTON — Bill Clinton knows what he wants to do on domestic policy. On foreign policy he does not. He knows only that he wants to do good. It is a dangerous impulse. It is particularly dangerous in the Balkans, a swamp of historical grievances. Bill Clinton came upon the Balkans and decided that he wished to do better than Cyrus Vance and David Owen who, after five months of negotiations, finally produced a peace plan.

The talks are reopened and it is no secret why. The Vance-Owen plan, alas, does not meet American standards of justice. Mr. Clinton wants a settlement that is tougher on the bad guys (the Serbs) and easier on the good guys (the Muslims). God save us from Bill Clinton's ameliorative instincts.

concern. It is a European concern. That is why the current negotiators represent the European Community (Lord Owen) and the United Nations (Mr. Vance). Why then endorse a plan (Vance-Owen) that the most interested regional parties, Europe and Russia, have agreed on?

Drug War: Opening Shots for Clinton

By A. M. Rosenthal

NEW YORK — Now that everybody is totally alert to the danger from alien numerals, perhaps Americans and their new administration will find a little more time and thought to deal with an even greater threat to society.

derused military camps over for year-long drug therapy. Now there is barely a tenth of the 100,000 beds needed for that intensive treatment.

With any luck, Russia — historically, ethnically and religiously linked to Serbia — will curb the administration's anti-Serb enthusiasm and steer America back to where it was a couple of weeks ago when Mr. Vance and Lord Owen brought their plan to the United Nations.

The struggle has to be won in health care, criminal justice, anti-AIDS work, education. Clinton could do that.

tor gets a voice in federal anti-drug spending. Most experts in the anti-drug field agree that trying to stop drugs from coming into the country will not work by itself. But enforcement and interdiction will always be part of the job and the new director will need a top law person as deputy.

Dr. Mitchell S. Rosenthal, head of the 15 therapeutic communities known as Phoenix House, has been pleading vainly that the military turn buildings in abandoned or un-

been compelled by the enemy to leave Palestine, the organization of jihad work, the reopening of Jewish institutions in the Holy Land, and the restoration of the damage which the enemy has inflicted on the Jewish colonies.

The Job for Janet Reno

President Bill Clinton appeared to be both relieved and pleased as he introduced his latest nominee to be attorney general Thursday afternoon. In her brief first appearance, the candidate, Janet Reno, gave viewers the impression that the president's confidence is well-placed. She came across as a self-assured, no-nonsense woman who is at ease with tough cases and public scrutiny.

Justice's Next Boss

The job of U.S. attorney general is a tough one. Janet Reno, the newest nominee for the post, has her work cut out for her. The Department of Justice is not a large-scale replica of a district attorney's office. It is an important federal bureaucracy with a multi-billion-dollar budget. The attorney general is largely responsible for its policy direction, under the president. This means setting priorities, energizing career lawyers, and identifying and implementing the legislative agenda.

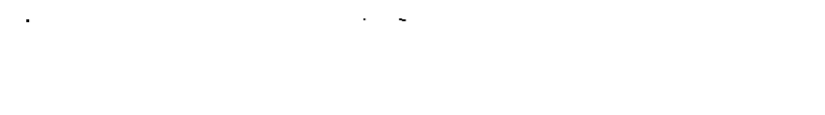
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Justice's Next Boss

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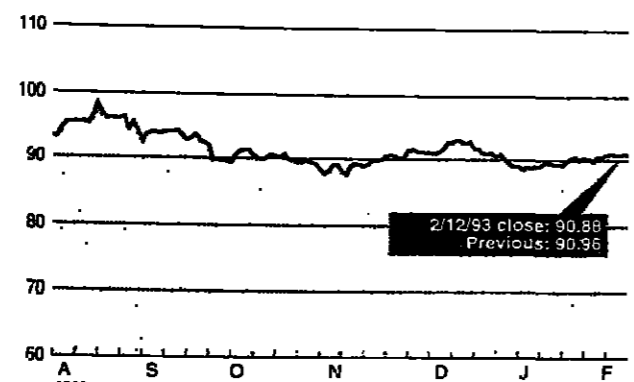
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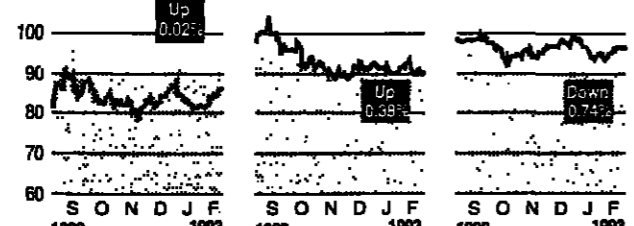


Table titled 'Industrial Sectors' with columns for sector, Feb. 13, and % change.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

Bronfmans To Sell Stake In Labatt Brewery

By York H. Farnsworth

TORONTO—Brascan Ltd., Peter and Edward Bronfmans' sprawling conglomerate of 500 private companies, announced Friday that it had sold its controlling 37.3 percent stake in John Labatt Ltd., Canada's second largest brewery...

It was the second largest asset sale this week by the "other" Bronfmans—not the Seagram branch of the family—as concerns have risen about deterioration of Brascan's financial assets after the meltdown of the Reichmann family's Toronto-based real estate empire, Olympia & York Developments Ltd.

Brascan's other big sale, announced Tuesday, was its 49 percent stake in MacMillan Bloedel Ltd., a leading forest products company, held by Brascan's Noranda Forest Inc. That transaction yielded 971 million dollars.

In both transactions a consortium of investment dealers has acquired the stock and will reoffer it to the general public. The consortium of the Labatt sale is led by Wood Gundy and Gordon Capital.

The shares of Labatt, which is Canada's second largest brewery after Molson and which also owns 90 percent of the Toronto Blue Jays baseball team, will be offered to the public until March 8 for 28.25 dollars a share, about the level the stock traded at Thursday. But it fell Friday to 26.63 dollars.

The two transactions will pump more than 1.96 billion dollars into an empire that in recent months has been forced to generate cash to bolster holdings weakened by the severe Canadian recession and the backlash from the O & Y collapse.

U.K. Inflation Hits 25-Year Low

Compiled by Our Staff From Dispatches

LONDON—British retail price inflation hit a 25-year low last month, figures released on Friday showed, but the government ruled out any further quick cuts in interest rates.

Inflation at the retail level fell to 1.7 percent year-on-year in January from 2.6 percent a month earlier. The underlying measure of inflation, which strips out mortgage payments and which the government monitors closely, fell to 3.2 percent from 3.7 percent in December.

The greater than expected drop sent the pound to a record low against the Deutsche mark in the afternoon, before recovering to 2.3575 DM after comments by the chancellor of the Exchequer.

The numbers also tempted buyers back onto the London Stock Exchange. The key Financial Times Stock Exchange 100-share

index closed up 8.7 points, or 0.3 percent, at 2,843.0.

Government bond prices rocketed by as many as 2 points, led by long-term issues. The 9 percent bond due 2008 slid below 8.5 percent for the first time since at least July 1987, prompting the Bank of England to sell £800 million (\$1.13 billion) of bonds due between 2000 and 2012.

Chancellor Norman Lamont issued a statement to try to damp speculation about interest rate cuts. He said the government saw no prospect for further cuts to get the recession-hit economy moving.

Pointing to the inflation numbers, he said, "the task now is to consolidate this progress and maintain downward pressure on underlying inflation. Interest rates will be set to achieve that objective. On the basis of all the available evidence I do not believe that there

is any scope for a further reduction in interest rates."

Yet economists were skeptical whether Mr. Lamont could resist political pressure to cut interest rates. They warned that price discounting during January was largely responsible for the fall in the annual inflation rate and that this is unlikely to be sustained.

"It has to be welcomed as good news, but there is a question-mark over how sustainable it will be," said Nigel Richardson, U.K. economist at Yamaichi International.

And the effects of the pound's devaluation since last September could force the rate back up again as the year progresses.

"The recovery is going to remain patchy for some time and against that background the temptation is to cut rates again," added Gwyn Hacco, economist at James Capel in London.

(Reuters, Knight-Ridder, Bloomberg)

Pound Still Vulnerable to Rate-Cut Fears

By Carl Gewirtz

International Herald Tribune PARIS—A better than expected drop in inflation and some jawboning by the British government helped the pound recover from a record low set early Friday, but the currency's next move, analysts said, hinges on whether the government can live up to a promise to abstain from politically popular interest-rate cuts.

The decline, to 2.3280 Deutsche marks, prompted the chancellor of the Exchequer, Norman Lamont, to say he sees no "further scope for interest rate cuts."

Dealers said they suspected the Bank of England had intervened to support the currency.

Short-term U.K. rates have fallen 9 percentage points since Britain quit the European Community's exchange-rate mechanism in September and regained the liberty to run an independent monetary policy.

But fear of continued reductions in short-term rates, currently at 6 percent and widely expected to drop by at least another full point when the budget is presented next month, and the impact that this easing and the devaluation

of the pound may have on inflation have undermined confidence in the currency.

Mr. Lamont's statement, coupled with the release of inflation data for January helped the pound to recover to 2.3575 DM by the close of trading, slightly above Thursday's late rate of 2.3513 DM. Data showing a monthly decline of 0.9 percent in the cost of living and an annual rise of only 1.7 percent—a 25-year low.

"It looks, for now, as if the worst is over," said George Magnus at S.G. Warburg. "The heavy

churning suggests sterling is building a base, it looks as if it's found a floor."

But he and other analysts said there is scope for further weakness if the government does cut interest rates at a pace that exceeds the expected decline in rates in Germany and elsewhere on the Continent.

"Sterling appears to have stabilized, but I don't think there's a strong case to buy it," said Neil MacKinnon, London-based analyst at Citibank.

"Interest-rate reductions may See POUND, Page 10

Fokker Deal Is Stymied

Dutch Refuse Bid To Give Daimler 'Blank Check'

Compiled by Our Staff From Dispatches

THE HAGUE—The Netherlands on Friday rejected the latest offer by Daimler-Benz AG to take control of Fokker NV, saying the German company's demand for unlimited compensation for the costs of closing operations at the Dutch plane maker was unacceptable.

Economy Minister Koos Andriessen said he wrote to Daimler's aerospace subsidiary, Deutsche Aerospace AG, to say the obligation must be removed before the government would allow the company to acquire a 51 percent stake in Fokker.

There was no immediate reaction from Daimler.

Daimler's latest proposal, widely reported as the company's final offer, was made Thursday. Fokker's chairman said Friday that the new offer for control of the airplane maker was worth about 714 million guilders (\$383.87), down from the 880 million bid in October.

The lower price would mean Daimler is offering only 714 million guilders for the total of 23.8 million shares, compared with 880 million guilders offered in the October agreement.

"I have to reject the open-ended support you ask for," Mr. Andriessen said in a letter to Deutsche Aerospace, which was made available to the media. He said the support was unacceptable as it entailed funding unspecified layoff and reorganization costs.

"We cannot offer a blank check," Mr. Andriessen said later. He added that he wanted the negotiations to continue.

Stock analysts said Mr. Andriessen, smarting from criticism of his failure to put together a rescue package for DAF NV, the unprofitable Dutch truckmaker that is being run by court-appointed administrators, could not afford to

See FOKKER, Page 10

ECONOMIC SCENE

How a Big Oil Company Took the Green Pledge

By Matthew L. Wald

New York Times Service

NEW YORK—The Valdez Principles, a code of corporate environmental conduct devised after the 1989 Alaskan oil spill, won its first major corporate endorsement this week. And the company that signed on is an oil company, Sun Co. of Philadelphia, the 12th-largest oil company in the United States, became on Thursday the first Fortune 500 company to endorse the principles.

Fifty smaller companies have already backed them. In May, a resolution endorsing the principles was submitted at the company's shareholder meeting by the New York City pension system but drew just 6 percent support. After the vote, though, management met with the principles' backers and worked out a compromise.

Sun negotiated various "adaptations" of the principles to fit its business.

For example, the first of the 10 principles, protection of the biosphere, says, "We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants."

Some environmentalists would say that includes the pollutants that are released when Sun's gasoline is burned, along with the carbon dioxide.

In the statement adopted by Sun, the company says, "We will reduce our overall emissions to the environment (air, water and land) with special emphasis on toxic substances."

"This is not a commitment to go out of the petrochemical business or the fuels business," Sun's chairman and chief executive, Robert H. Campbell, said at a ceremony in New York.

But, he said, there was "tremendous philosophical congruence" between what Sun was already doing and the environmental principles. He said, however, that he did not foresee major changes in operations.

The principles were renamed last year and now known as Ceres, for Coalition for Environmentally Responsible Economies. Joan Bavaria, co-chairwoman of Ceres, said discussions were continuing with other oil companies. Exxon is not among them, she said.

American Airlines Rattles Its Sabre

By Edwin McDowell

New York Times Service

NEW YORK—American Airlines said Friday that it had filed complaints of unfair competition with the Department of Transportation, charging Air France and Iberia with effectively denying it the opportunity to sell Sabre, its computer reservations system, in France and Spain.

The complaints, filed Thursday, also named the French and Spanish governments. As owners of the two airlines, American said, they have allowed anti-competitive behavior that has resulted in a virtual monopoly for Amadeus, the reservation system owned by an assortment of carriers including Air France and Iberia.

The most objectionable aspect of that behavior, according to American, is that both countries prohibit Sabre from displaying domestic flight information about the affiliate carriers of Air France and Iberia—affiliates that account for more than 50 percent of all travel agency bookings in both countries. Partly as a consequence, Amadeus controls more than 80 percent of the computer reservation market in Spain and France.

Travel agents use computerized systems to look at schedules, search for the lowest fares, and to make airplane, rental car and hotel reservations. They not only pay for use of the systems, they also tend to book flights on the carriers that own the systems.

In its complaints American asked the Department of Transportation to order each computer reservations system in the United

States to deny access to Air France, Iberia and their domestic affiliates unless they agree to participate in Sabre.

"Without the local carriers being available in the system, you don't have a robust enough product," said Kathy Misunas, president of Sabre Travel Information Network. Sabre is a division of American Airlines.

Sabre had built up a limited base of travel agency customers in both countries, Ms. Misunas said, and managed to retain many of them by persuading them that it was likely to gain the participation of the domestic carriers. Last year it filed complaints against Air France and Iberia with the European Community. Those complaints are still under consideration.

Mr. Clinton said on Wednesday: "The Europeans are going to have to try to quit subsidizing Airbus and trying to deny us access to those contracts. I am not going to roll over and let them do that."

In Brussels, meanwhile, an EC spokesman said the Community had stopped subsidizing its civil aviation industry since the July agreement.

"The Community is not subsidizing Airbus or any other civil aircraft," a spokesman for the EC commission said.

"As far as we are concerned, an agreement on Airbus has already been reached and we are respecting the agreement," the spokesman said.

Separately, Sir Leon Brittan, the European Community's top trade negotiator, asked U.S. Trade Representative Mickey Kantor to join him in a new, more aggressive approach to global trade talks.

"We need a new approach," Sir Leon told reporters at a news conference in Washington.

"Negotiations could begin soon, Sir Leon invited Mr. Kantor to Brussels at his earliest convenience," and the American accepted. (Reuters, Bloomberg)

Paris Says Clinton Remarks Hurt Trade

Compiled by Our Staff From Dispatches

PARIS—France on Friday accused President Bill Clinton of jeopardizing trans-Atlantic trade relations when he attacked European subsidies for the Airbus aircraft consortium earlier this week.

Mr. Clinton's statements "come on top of decisions by the new administration on steel exports and public contracts" in the European Community, said a Foreign Ministry spokesman, Daniel Bernard.

"All this does not contribute to easing trade relations between the European Community and the United States while the GATT negotiations are taking place," he told a news briefing. Mr. Bernard was referring to negotiations under the General Agreement on Tariffs and Trade to liberalize world trade.

Noting that U.S. plane makers also received federal aid for research and development, Mr. Bernard said France wanted last year's U.S.-EC agreement limiting state aid to the aviation industry to be implemented and extended to other countries.

"We recall that the joint objective of the United States and Europe to reduce and limit the support which both sides give to the aircraft industry led to negotiations lasting nearly seven years for an agreement signed on July 17, 1992," he said.

He proposed using a "parallel" approach, where each side would take action by itself to reduce trade barriers instead of waiting for the other side to compromise first. Mr. Kantor was receptive to the idea, Sir Leon said.

Thus far, the unilateral actions on both sides have had a more negative tone, with threats to impose permanent duties and restrict each other from certain markets. Although "each side knows what it will compromise on" to get the talks moving, neither will act until the other takes a first step, Sir Leon said. Now is the time for each party to take first steps in unison, he said.

Sir Leon said he doesn't know what the Clinton administration's position is on the agreements worked out with the Bush administration. Moreover, he won't know until he begins "hand-to-hand" negotiations with Mr. Kantor.

Negotiations could begin soon, Sir Leon invited Mr. Kantor to Brussels at his earliest convenience, and the American accepted. (Reuters, Bloomberg)

CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates. Includes data for various currencies and interest rates.

Herald Tribune advertisement for Tokyo office. Text: 'Now Printed in Tokyo For Same-Day Delivery to Most Homes & Offices in Japan'. Includes contact information for Tokyo office.

High Technology & Profitability for the 21st Century advertisement. Text: 'HIGH TECHNOLOGY & PROFITABILITY FOR THE 21st CENTURY'. Includes details about conferences in London and Hong Kong.

MARKET DIARY

Fears of Tax Rise Send Stocks Lower

Bloomberg Business News NEW YORK — Stock prices fell Friday as investors considered possible tax increases in President Bill Clinton's deficit-cutting package.

An early slump in Treasury bond prices, as well as plunges in health-care and oil stocks, also drove shares lower, traders said.

The Dow Jones industrial average fell 30.26 to close at a session

a little bit," he said. "That tends to push down interest rates, but it also lowers corporate profits."

Mr. Clinton signed to deliver the State of the Union address on Wednesday, said to be ready to propose an economic plan aimed at reducing the budget deficit. The plan includes spending cuts and tax increases on both the middle class and high-income people.

The Treasury's 30-year bonds recouped an early drop to close 10 1/32 higher Friday at 101/32 amid continued hopes for deficit reduction. The yield fell to 7.12, the lowest closing yield since the Treasury regular issue began selling 30-year bonds in 1977. The hopes were fanned by news that Treasury Secretary Lloyd Bentsen asked Treasury tax staffers to develop revenue estimates for 30 separate tax proposals.

Atlantic Richfield Co. fell 2 to 117 1/2, and Amerasia Hess Corp. fell 1/4 to 49 3/4 after a Fitch IBCA analyst cut its ratings to "unattractive," advising investors to shift into overseas oil companies.

Shares of health maintenance organizations plunged further after a First Boston analyst said the California Public Employees Retirement Systems' negotiation of lower 1993-94 premiums from 19 PMOs may signal an industry trend. U.S. Healthcare tumbled 4 1/4 to 48 1/2 and Foundation Health dropped 5 1/4 to 33 1/4. Oxford Health Plans sank 1/2 to 52 and United Healthcare slidded 6 1/4 to 55 1/4.

N.Y. Stocks

low of 3,392.43, down 49.71 points from its all-time closing high of 3,442.14, set last Friday. AlliedSignal Inc. accounted for about 5 points of the slide. AlliedSignal down 2 1/4 at 64 1/2, had rallied 16 percent in the past two weeks after reporting strong earnings.

Declining stocks topped advances by a 9-to-5 ratio on the New York Stock Exchange.

Trading was the lightest of the week, with more than 212 million shares changing hands, down from 253 million Thursday. Financial markets will be shut Monday in observance of President's Day.

"Investors are starting to focus on the realization that President Clinton is going to propose a series of tax increases," said Daniel Marciano, head trader at Dillon, Read & Co.

"Every dollar that goes into taxes comes out of consumption or investment," said Jim Benning, a trader at BTI Brokerage. Higher taxes "will slow the economy down

near 20 percent devaluation of the pound since September will reignite inflation. "The inflationary potential of a devaluation is not a problem in a country operating below capacity," he said, citing the recent examples of Finland, Australia and the United States.

He sees "a clear bias to continued lowering of interest rates. The only question is one of timing."

Dollar Mixed in N.Y.

The U.S. dollar closed mixed on Friday in New York trading that ended early ahead of the holiday weekend, wire services reported.

The pound ended at \$1.4205, up from \$1.4175 on Thursday.

The U.S. currency closed at 1.6604 DM, up from 1.6575 on Thursday, and at 120.675 yen, down from 121.20. U.S. markets are closed Monday because of President's Day.

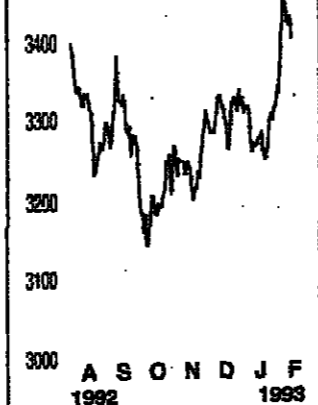
The dollar also ended at 1.5245 Swiss francs, down from 1.5355, and at 5.6165 French francs, up from 5.6070.

In London, the dollar was quoted at 120.625 yen, up from 119.95 late Thursday, and at 1.6595 Deutsche marks, up from 1.6585 DM.

Ian Amstad at Bankers Trust in London sees little danger that the

The Dow

Daily closings of the Dow Jones industrial average 3500



A S O N D J F 1992 1993

Dow Jones Averages

Table with columns: Index, High, Low, Close, Change. Rows include Industrials, Transportation, Utilities, Finance, S&P 500, NYSE, and NASDAQ.

Standard & Poor's Indexes

Table with columns: Index, High, Low, Close, Change. Rows include Industrials, Transportation, Utilities, Finance, S&P 500, NYSE, and NASDAQ.

NYSE Indexes

Table with columns: Index, High, Low, Close, Change. Rows include Composite, Industrials, Finance, Insurance, and Bonds.

NASDAQ Indexes

Table with columns: Index, High, Low, Close, Change. Rows include Composite, Industrials, Finance, Insurance, and Bonds.

AMEX Stock Index

Table with columns: Index, High, Low, Close, Change. Rows include Composite, Industrials, Finance, Insurance, and Bonds.

Dow Jones Bond Averages

Table with columns: Index, High, Low, Close, Change. Rows include 30 Bonds, 10 Utilities, and Treasury Bonds.

Market Sales

Table with columns: Index, Volume, Value, Change. Rows include NYSE, AMEX, and NASDAQ.

NYSE Most Active

Table with columns: Symbol, Vol., High, Low, Last, Chg. Rows include RJR Nab, Shell, and others.

AMEX Most Active

Table with columns: Symbol, Vol., High, Low, Last, Chg. Rows include Hilltop, Greylone, and others.

NYSE Diary

Table with columns: Symbol, Close, Prev. Rows include Advanced, Declined, and others.

Amex Diary

Table with columns: Symbol, Close, Prev. Rows include Advanced, Declined, and others.

NASDAQ Diary

Table with columns: Symbol, Close, Prev. Rows include Advanced, Declined, and others.

EUROPEAN FUTURES

Table with columns: Month, High, Low, Close, Change. Rows include COFFEE (F0X), Cocoa (F0Z), and others.

Metals

Table with columns: Month, High, Low, Close, Change. Rows include ALUMINUM, COPPER, and others.

Financial

Table with columns: Month, High, Low, Close, Change. Rows include 3-MONTH EURO, 6-MONTH EURO, and others.

Stock Indexes

Table with columns: Index, High, Low, Close, Change. Rows include FTSE 100, Nikkei, and others.

Spot Commodities

Table with columns: Commodity, High, Low, Close, Change. Rows include Wheat, Soybeans, and others.

Dividends

Table with columns: Company, Dividend, Yield. Rows include Amgen, Bristol-Myers, and others.

U.S. FUTURES

Table with columns: Month, High, Low, Close, Change. Rows include COCA (NY), COCA (NYC), and others.

Grains

Table with columns: Month, High, Low, Close, Change. Rows include WHEAT (CBT), SOYBEANS (CBT), and others.

Metals

Table with columns: Month, High, Low, Close, Change. Rows include NY GRADE COPPER, SOYBEAN MEAL, and others.

Livestock

Table with columns: Month, High, Low, Close, Change. Rows include CATTLE (CME), HOGS (CME), and others.

Food

Table with columns: Month, High, Low, Close, Change. Rows include COFFEE (NY), SUGARWORLD, and others.

Financial

Table with columns: Month, High, Low, Close, Change. Rows include U.S. BILLS, TREASURY, and others.

Stock Indexes

Table with columns: Index, High, Low, Close, Change. Rows include SP COMP INDEX, NYSE COMP INDEX, and others.

Commodity Indexes

Table with columns: Index, High, Low, Close, Change. Rows include SP COMP INDEX, NYSE COMP INDEX, and others.

Wholesale Prices Still Under Control

WASHINGTON (AP) — Wholesale prices remained under control in January, the government said Friday in one of three economic reports suggesting continued gradual economic improvement.

The other reports showed that business sales jumped sharply in December and that mortgage rates dropped to a 20-year low this week. The Labor Department said its Producer Price Index edged up 0.2 percent in January, after a 0.1 percent advance a month earlier and 0.1 percent declines in October and November. But the report showed that much of the increase was in energy products and automobiles. Food prices were down.

At an annual rate, wholesale inflation was running at 2 percent, just slightly more than the 1.6 percent in 1992.

Boeing to Lay Off 1,000 in Kansas

SEATTLE (AP) — Boeing Co. is to lay off 1,000 employees at its plant in Wichita, Kansas, in three months because of declining production.

A plant spokesman, Richard Ziegler, said there were certain to be layoffs. "To say no would be naive," he said. Boeing, based in Seattle, recently announced that it would cut production 35 percent over 18 months because of a slowdown in the airline business. Analysts estimate that 10,000 jobs may be in jeopardy.

Campbell Soup to Consolidate Plants

CAMDEN, New Jersey (AP) — Campbell Soup Co. plans to close two plants and sell some of its less profitable businesses in a restructuring move that will affect 1,300 jobs, the company announced Friday.

Campbell said it planned to close food plants in Philadelphia and Salisbury, Maryland, by August. Campbell did not identify the businesses it plans to put on the market over the next several years. The announcement was made a week after Campbell won a four-month battle to gain majority ownership of Arnott's, Australia's largest cookie maker. Campbell acquired a 58 percent stake, but failed to win enough shares to guarantee control.

Kemper May Pursue Public Offering

LONG GROVE, Illinois (Bloomberg) — Kemper Corp. may spin off its brokerage unit through a public offering this year, people familiar with the situation said.

The sale of Kemper Securities Inc. would allow the insurance and asset-management company to bolster its capital base, weakened by problem real-estate loans and losses from two hurricanes.

Salomon Weighs Selling Refineries

NEW YORK (Bloomberg) — Salomon Inc. is considering selling its four Philru Energy USA oil refineries, a Salomon official said Friday. Refining losses have become a drag on the company's profit.

Selling the refineries is among options being considered for Salomon's energy unit, which could cost \$800 million to upgrade, said the official, who requested anonymity.

The options also include: selling some of the refineries, maintaining them, selling drilling and gas storage operations, taking on a producer or another refiner as a partner and upgrading the refineries. Upgrading to produce more profitable oil products would cost \$275 million to \$300 million, the official said.

McDonald's Signs Recording Deal

LOS ANGELES (Reuters) — Rhino Records said it had struck a licensing deal with McDonald's Corp. to produce and market a series of children's recordings featuring McDonald's characters such as Ronald McDonald, the Hamburglar and Grimace.

The first of these recordings, scheduled for the fall, will be produced by Howard Kaylan and Mark Volman — two founding members of the 1960s pop group the Turtles. The characters will perform original songs written for the project as well as classic hits, a statement from Rhino said.

POUND: Still Hostage to Rates

(Continued from first page) now be on hold, but the market remains skeptical," he said. "The go-for-growth strategy" adopted when the pound cut the ERM remains intact and if subsequent economic data is disappointing "it's still possible rates will be cut further," Mr. MacKinnon said.

Foreign Exchange

economic data is disappointing "it's still possible rates will be cut further," Mr. MacKinnon said.

He and Mr. Magnus don't rule out the possibility of a renewed decline to the area of 2.20 DM, but they also agree that the impact of a further rate cut on the pound could be mitigated if by that time evidence of a deep slump in Germany has led to big rate cuts there.

Brendan Brown at Mitsubishi Finance in London sees the pound "already overvalued." In his view, the yield gap between short-term U.K. and German rates, currently around 2.375 percentage points, is at its peak.

"With the U.K. economy likely to recover before Germany's, the yield gap is likely to narrow" as British rates start to firm while Germany's continue to decline, he said.

Ian Amstad at Bankers Trust in London sees little danger that the

FOKKER: Dutch Refuse Offer

(Continued from first page) jeopardize Fokker's future by refusing Daimler's offer.

Mr. Andriessen said the Dutch government did agree to the other conditions of the new offer, which would mean Daimler would pay between 685 million and 985 million guilders for Fokker, depending on the Dutch company's profits.

The latest offer includes a price of 30 guilders a share, down from 37 in October, for 13.2 million new shares to be issued by Fokker.

Daimler would by 10.6 million shares from the Dutch government, half the state's stake, for 37 guilders, but the remainder would cost it only 23 guilders a share, and would be paid after three years.

The Netherlands also agreed to provide a guarantee on a 180 million guildler loan to Fokker, which would also issue 334 million guilders of convertible bonds.

(A.F.K. Bloomberg, Reuters)

WORLD STOCK MARKETS

Table listing stock market data for various countries including Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Frankfurt, London, and Montreal. Columns include stock index, high, low, close, and change.

Table listing stock market data for various cities including Paris, Sydney, Tokyo, Sao Paulo, Singapore, and Zurich. Columns include stock index, high, low, close, and change.

Table listing various commodity and futures markets including Grains, Metals, Livestock, Food, and Financial. Columns include price, high, low, close, and change.

Table listing various commodity and futures markets including Metals, Industrials, and Stock Indexes. Columns include price, high, low, close, and change.

Currency Trading Aids Profit At Lloyds

LONDON — Lloyds Bank PLC reaffirmed Friday its status as the most profitable bank in Britain by reporting 1992 pretax profit almost 10 percent higher than forecast...

Yeltsin Says Trade Ministry 'Lost' \$2 Billion

MOSCOW — President Boris N. Yeltsin said on Friday that \$2 billion had disappeared from the balance of payments of Russia's Foreign Trade Ministry over nine months of last year...

Central Bank's attitude toward tight monetary policy is weakening. Mr. Fyodorov said the course of economic reforms and their implementation this year were discussed in an expanded cabinet meeting on Thursday...

DAF Lays Off 1,600 Workers in U.K., With Little Severance

LONDON — More than 1,600 employees at Leyland DAF, British unit of the collapsed Dutch truckmaker DAF NV, were fired Friday without company severance pay...

Full layoff payments would amount to £70 million (\$100 million) against £30 million if DAF had not been in receivership.

Slovak Arms Makers Suffer Free-Market Transition and Loss of Export Deals Hurt

DUBNICA, Slovakia — In the Cold War, this industrial town at the foot of the snow-capped Lower Tatra Mountains was a symbol of how Communist central planners could, by fiat, shower prosperity on an entire region.

Aer Lingus Asks State for Cash

DUBLIN — The Irish airline Aer Lingus, hit by recession and burdened by debt, wants an urgent injection of cash from the government, analysts said Friday.

Investor's Europe table with columns for various European stock indices and their performance.

Very briefly:

- Kenellis-Osake-Pankki, Osmankankki Keskuspankki Oy, Postipankki, Union Bank of Finland and Saastopankki Keskus-Osake-Pankki were placed on review with negative implications by Standard & Poor's...

Provisions for bad debts and write-downs "remained stubbornly high" at £736 million in 1992, down from £918 million in 1991, Brian Pitman, the chief executive, said.

COMPANY RESULTS

Table showing financial results for various companies including Brunswick, Daimler, United States, and others.

PERSONALS section with sub-sections for EDUCATION, COLLEGES & UNIVERSITIES, TAX SERVICES, NANNIES & DOMESTICS.

MOVING section featuring MovePlus and AGS, with details on international moves and services.

INTERNATIONAL CLASSIFIED section containing various advertisements for real estate, employment, and legal services.

MONROE NANNIES INTERNATIONAL advertisement for nannies and domestic services.

Edith Brigitta FAHRENKROG advertisement for international business and travel services.

Valentine's Day Messages section featuring various romantic messages and advertisements.

NYSE

Friday's Closing

Tables include national market prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

By AP Wire

Symbol	Price	Change
Dow Jones Industrial	6,310.53	+12.81
S&P 500	447.24	+0.58
NASDAQ Composite	1,154.25	+1.00
Dow Jones Industrial	6,310.53	+12.81
S&P 500	447.24	+0.58
NASDAQ Composite	1,154.25	+1.00

Symbol	Price	Change
IBM	102.50	+0.25
Microsoft	61.25	+0.12
Apple	45.50	+0.10
Oracle	32.00	+0.15
Sun	18.75	+0.08
HP	22.00	+0.05
Motorola	28.50	+0.10
Intel	35.00	+0.12
Comcast	15.50	+0.05
Time Warner	42.00	+0.10
AT&T	18.00	+0.05

Symbol	Price	Change
Gold	385.00	+0.50
Silver	11.50	+0.05
Oil	21.50	+0.10
Natural Gas	1.80	+0.02
Crude Oil	22.00	+0.15
Heating Oil	1.20	+0.01
Gasoline	1.10	+0.02

Symbol	Price	Change
10-Year Treasury	108.50	+0.05
5-Year Treasury	107.50	+0.05
3-Month Treasury	106.50	+0.05
1-Month Treasury	105.50	+0.05
90-Day T-Bill	104.50	+0.05

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*Valid as of December 1992. Fidelity is a registered company in the United Kingdom. Fidelity is a registered company in the United Kingdom. Fidelity is a registered company in the United Kingdom.

Symbol	Price	Change
Japan Nikkei	15,800.00	+100.00
Hong Kong Hang Seng	8,500.00	+50.00
London FTSE 100	4,200.00	+20.00
Paris CAC 40	3,500.00	+15.00
Bombay S&P 100	1,200.00	+10.00
Stock Exchange of India	1,100.00	+5.00

Symbol	Price	Change
India BSE 100	1,000.00	+5.00
India S&P 100	1,100.00	+10.00
India FTSE 100	1,200.00	+15.00
India Hang Seng	1,300.00	+20.00
India Nikkei	1,400.00	+25.00

Market activity on Wall Street was mixed as investors digested news that the Federal Reserve had raised the discount rate to 6.5% from 6%. The Dow Jones Industrial Average rose 12.81 points to 6,310.53, while the S&P 500 gained 0.58 points to 447.24. The NASDAQ Composite Index advanced 1.00 point to 1,154.25.

Among individual stocks, IBM led the way with a gain of 0.25 points to 102.50. Microsoft rose 0.12 points to 61.25, and Apple advanced 0.10 points to 45.50. Oracle gained 0.15 points to 32.00, Sun rose 0.08 points to 18.75, and HP advanced 0.05 points to 22.00. Motorola rose 0.10 points to 28.50, and Intel gained 0.12 points to 35.00. Comcast rose 0.05 points to 15.50, and Time Warner advanced 0.10 points to 42.00. AT&T rose 0.05 points to 18.00.

Commodity markets were also active. Gold rose 0.50 points to 385.00, silver advanced 0.05 points to 11.50, and oil rose 0.10 points to 21.50. Natural gas advanced 0.02 points to 1.80, and crude oil rose 0.15 points to 22.00. Heating oil advanced 0.01 points to 1.20, and gasoline rose 0.02 points to 1.10.

Financial markets saw a slight uptick. The 10-year Treasury note rose 0.05 points to 108.50, the 5-year Treasury rose 0.05 points to 107.50, and the 3-month Treasury rose 0.05 points to 106.50. The 1-month Treasury rose 0.05 points to 105.50, and the 90-day T-bill rose 0.05 points to 104.50.

International markets were mixed. The Japan Nikkei rose 100.00 points to 15,800.00, the Hong Kong Hang Seng rose 50.00 points to 8,500.00, and the London FTSE 100 rose 20.00 points to 4,200.00. The Paris CAC 40 rose 15.00 points to 3,500.00, the Bombay S&P 100 rose 10.00 points to 1,200.00, and the Stock Exchange of India rose 5.00 points to 1,100.00.

Asian markets showed a general upward trend. The India BSE 100 rose 5.00 points to 1,000.00, the India S&P 100 rose 10.00 points to 1,100.00, and the India FTSE 100 rose 15.00 points to 1,200.00. The India Hang Seng rose 20.00 points to 1,300.00, and the India Nikkei rose 25.00 points to 1,400.00.

Global market activity continued. The London FTSE 100 rose 20.00 points to 4,200.00, the Paris CAC 40 rose 15.00 points to 3,500.00, the Bombay S&P 100 rose 10.00 points to 1,200.00, and the Stock Exchange of India rose 5.00 points to 1,100.00.

(Continued on next page)

صكنا من الامل

سكنا من الامل

Rice Producers Protest Imports

Compiled by Our Staff From Dispatches
SEOUL — Farmers from South Korea, Japan and Taiwan on Friday protested international pressures to open their markets to foreign rice.

In a joint statement, the heads of the agricultural organizations from the three nations agreed to take united action against the United States and other rice-exporting nations.
"The opening of the rice market will lead to a total collapse of the traditional culture based on rice and the farming communities," said the statement, signed by Han Ho Sun of South Korea, Mitsugu Horiuchi of Japan and Ming-chin Wu of Taiwan.

About 1,000 farmers assembled in central Seoul to protest the Uruguay Round of world trade talks, under the General Agreement on Tariffs and Trade, that are trying to eliminate barriers in trade. Police surrounded the protest site but no clashes occurred.

At a news conference, Mr. Han, Mr. Horiuchi and Mr. Wu said the Uruguay Round was neglecting the interests of food-importing countries, such as South Korea and Japan.

In the Uruguay Round discussions, it must be noted that rice is our staple food and the main source of income for our farmers," their statement said. "The exporting countries should stop demanding that we allow rice imports just for their own benefits."

Mr. Han said South Korean farmers would continue to protest and launch street campaigns. About 13 million South Koreans have signed a petition opposing the opening of the rice market. Farm-

ers have also participated in street protests that sometimes ended in clashes with police.

About 15 percent of the 42 million South Korean population are farmers, whose major source of income is from rice. (AP, Reuters)

Quality Control in China

China has adopted a widely accepted international quality-control standard as part of its drive to re-enter the General Agreement on Tariffs and Trade, the China Daily reported Friday.
The standard, known as ISO 9000, has been required by the International Standardization Organization since 1987.

Li Chunlian, head of the policy department at the State Technical Supervision Bureau, said China had been adhering to the standard since January.

The bureau, in a survey at the end of last year, found that only 51 percent of the commodities sampled from Chinese shops are up to standard.

Chinese Investors Fear Devaluation

Compiled by Our Staff From Dispatches

HONG KONG — Chinese investors in Shanghai are rushing to open foreign-currency accounts despite official denials that the local currency is about to be sharply devalued, the China News Agency said Friday.

"Citizens are opening more than 500 foreign-currency deposit accounts with Bank of China's Shanghai branch every day," said the Beijing-controlled news service. "But before, they were opening only 150 new accounts a day."

The agency quoted officials as attributing the rush to a steady fall in the Chinese currency, the yuan. Rumors have swept China recently that a sharp official devaluation is imminent, and this has encouraged Chinese to dump yuan notes on the black market for U.S. and Hong Kong dollars.

On Thursday, Yang Gonglin, a spokesman for the State Administration of Exchange Control, denied the rumors of devaluation. But if the yuan were to experience further sharp declines, it

would be bad news for U.S.-China trade relations. China is now running a \$17 billion trade deficit with the United States. If it were to devalue its currency, it would suddenly be twice as competitive in the U.S. market, analysts said.

"If China wants to get off to a good start with the Clinton administration, it should not fulfill expectations and devalue," said

Jeff Lewis, regional economist at the Smith New Court (Asia) brokerage.

China News Agency said investors were making deposits of about \$200,000 each day, compared with the \$120,000 the Bank of China normally received. Daily deposits in Hong Kong dollars have reached about 600,000 (\$78,000).

The official exchange rate, which foreign tourists and state enterprises use, is 5.77 yuan to the dollar.

The yuan's value has fallen sharply on the country's swap markets set up for businessmen. Swap-market prices have dropped 8 percent since December. The plunge has the potential to rock foreign joint ventures, which depend on swap markets to turn unconvertible yuan profits into hard currency for raw materials, salaries and repatriation.

At the end of 1991, the yuan was at 5.6 to the dollar. Only two months ago the rate was 7.8 yuan. This week the National Foreign Exchange Swap Market in Beijing was trading 8.5 yuan to the dollar, a 32 percent premium over China's official rate.

This may only be the beginning of China's currency woes. Robin Hammond, senior research analyst at Wardley James Capel, reckoned that the yuan would drop another 20 to 25 percent this year and 10 percent more next year.

(Reuters, Knight-Ridder)

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(Reuters, Bloomberg)

Nepal Floats Its Currency

Compiled by Our Staff From Dispatches

NEW DELHI — Nepal announced Friday the full floatation of its currency, the rupee, in the foreign-exchange market, Indian news agency said.

Nepal's economy is closely tied to India's and the announcement may indicate that India is ready to make its currency fully convertible when the new fiscal-year budget is unveiled at the end of the month, bankers said.

A Nepal government notification said it was scrapping the partial float of the Nepalese rupee that was introduced last year. Under that system, exporters were required to sell 25 percent of their dollar and other hard-currency earnings to the central bank at an official rate, which usually was below the free market rate.

(Reuters, Knight-Ridder)

Investor's Asia

Table with columns for Hong Kong, Singapore, Tokyo, etc. and rows for various market indices like Hang Seng, Nikkei 225, etc.

Sources: Reuters, AFP International Herald Tribune

Japan Urges Its Banks to Issue More Eurobonds

Bloomberg Business News

TOKYO — The Ministry of Finance is urging Japan's major banks to issue more bonds into the Eurobond market to shore up their capital reserves and free up more credit for medium and small companies.

The Ministry of Finance issued a memorandum this week recommending that the banks issue so-called subordinated perpetual bonds in yen to boost bank capital

above the 8 percent of total assets mandated by the Bank for International Settlements. Subordinated perpetual bonds are debt securities with fixed coupons, but no set maturity date. Holders have limited recourse should these bonds default.

Although the ministry's memo may act to boost the supply of bonds issued in the Eurobond market, the subordinated perpetuals

are unlikely to appeal to investors other than Japanese.

But the action is welcome news for corporate Japan's smaller players. Still reeling from the collapsed bubble economy, major banks and firms are reluctant to lend to medium and small companies. And given the downturn in Tokyo stocks, equity financing has not been much of an option, either.

The idea behind the memo is to

encourage banks to get their capital well above the 8 percent mark of total assets required by BIS. Banks whose BIS capital ratio exceeds 8 percent can increase their asset base either through more lending or investing.

The Nihon Keizai newspaper reported Thursday that Tokai Bank was planning to issue approximately 40 billion yen (\$330 million) in subordinated perpetual Euroyen bonds in March through its Curaçao subsidiary, Nomura Securities' London subsidiary will underwrite the bonds, the paper said. It said the issuance would boost Tokai's BIS capital ratio, more than 8.7 percent at the end of September 1992, by 0.16 percent.

At the same time, an advisory council to the Ministry of Justice is recommending that Japan remove a ceiling on corporate bond issu-

ance, require large corporations to appoint outside auditors to their boards and lower legal fees for shareholders filing suits for damages from corporations and their executives, Nihon Keizai reported.

At present, bonds issued by Japanese corporations cannot total more than twice their net assets.

Itohan to Delist

Itohan Corp., a trading company in the Sumitomo group, will be delisted from the Tokyo and Osaka stock exchanges on March 25, Itohan announced Thursday.

The company will be absorbed April 1 by Sumikin Bussan Co., which is also a Sumitomo company.

Itohan reported a pretax loss of 8.54 billion yen for the loss year to Sept. 30, 1992. The losses were a burden to Sumitomo Bank, and the merger was seen as a way of solving the debt problem.

Subic Bay to Become Center for Taiwan Industry

Reuters

TAIPEI — A Taiwan government-backed consortium will begin converting the former U.S. naval base at Subic Bay in the Philippines into an industrial park this summer, the Economics Ministry said Friday.

Century Development Corp., a joint venture between the Taiwan government and the private sector, will plan the development of Subic and Taiwan's state-run BES Engineering Corp. will perform construction work.

Meanwhile, the Philippines signed an agreement with two Singapore companies Friday to set up a food-processing plant at Subic Bay, Philippine officials said in Singapore. Keppel Corp., the diversified ship-repair company, and Marisco Ltd. will lease a one-

hectare (2.5-acre) waterfront site. It is the first project involving Singapore investors in the development of Subic.

The Taiwan Economics Ministry will provide a long-term, low-interest loan of at least \$10 million to help finance the first stage of development at Subic, a ministry spokesman, Chow Yuan, said.

He said the first stage would involve converting about 100 hectares of land for factory buildings, which would be leased to scores of companies from Taiwan and other countries.

Last month Taiwan and the Philippines agreed to develop 300 hectares of land at Subic Bay, which was handed back to the Philippines by Washington late last year. "Work will begin in May or June," Mr.

Chow said. "Subic Bay will become an important base for Taiwan's manufacturing firms, especially labor-intensive industries."

Taiwan has become one of Asia's biggest foreign investors as its companies, facing rapidly rising wages and land costs at home, move operations abroad.

The first stage of development will be completed within a year, said Chen Shen-yi, president of Century Development. Development of the entire 300 hectares will take about three years and cost roughly \$40 million.

Taiwan's deputy economics minister, Yang Shih-chien, was quoted by the Commercial Times as saying the Philippines would offer tax incentives and visa-free entry and exit to Taiwan investors at Subic Bay.

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns for Stock, Div, Yld, PE, etc. listing various companies and their stock prices.

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Treuhandanstalt advertisement for Burgscheidungen Castle. Includes text: 'Tender Offer of the BURGSCHEIDUNGEN CASTLE D-4801 Burgscheidungen/Germany'. Features a map of the region and detailed conditions of tender.

MONEY

FIRST COLUMN

Of Politics, Punditry and Privatization

POLITICAL analysis of what the financial markets are going to do next is notoriously faulty. It would be otiose to attempt an explanation here as to why this should be so, although one possible reason is that partiality colors political judgment, and the pronouncement tends to cover not what will happen next, but what the politicians think ought to happen.

The obverse side of the predictive coin, however, reveals a different pattern. Financial markets often tend to be better at guessing what comes next in politics than the politicians themselves. Thus, the likelihood of a resignation, a devaluation or an obviously telegraphed interest rate cut is factored into the market price, and when the expected event occurs, the result in the market is pure anticlimax.

Yet, there are occasions when pure political analysis is the best way of studying a market. Such evaluation has been particularly useful in privatizations. Whatever the country, market sector or the nature of the monopoly, or otherwise, of the company about to be sold by the government, there is an underlying political truth which the markets perceive as having financial value.

The embrace of capitalism has paid off. Economic growth has picked up steam after stagnating during the first half of the 1980s, government spending as a percentage of gross domestic product has fallen sharply, savings rates are up, and the mountain of foreign debt built up over the years has come down considerably.

Latin America has been able to dig out from under by converting much of its debt owed to American banks into Brady bonds, named after former U.S. Treasury Secretary Nicholas Brady. Mr. Brady was able to persuade banks to exchange the notes they held

Latin American Bonds Ride Capitalist Wave Proliferating Issues and High Yields Lure Investors to a Warmer Climate

By Conrad de Aenlle

AFTER riding Latin American equities to stunning gains since the mid-1980s, foreign investors are turning their sights to the region's suddenly vibrant debt markets. While new bond issues came seldom for several years, they have lately picked up, both in the government and corporate sectors.

As happens whenever an investment turns hot, a number of funds have sprung up in recent months to give small players access to these markets. Six such funds, both open-end and closed-end, existed at the end of 1991, notes Lipper Analytical Services. As of last week, there were 24, with total assets of \$1.6 billion. Roughly half are regional funds; the others invest in single countries — Mexico, Argentina, Brazil or Venezuela.

One reason for the surge in interest in the bonds is simple: There are more of them to be interested in. Almost no debt was floated in 1988 and '89, while \$5.4 billion of new issues came out in 1991, according to International Development Bank figures. The total for the first half of last year was \$4.5 billion. Another reason is the dramatic conversion of the region's political leaders to faith in private enterprise and fiscal responsibility after years of profligacy.

"It's a story that's developed in the last two or three years," said Oscar Castro, a portfolio manager at GT Capital Management. "The markets are moving toward free-market economies, deregulation and using debt to officially manage growth."

The embrace of capitalism has paid off. Economic growth has picked up steam after stagnating during the first half of the 1980s, government spending as a percentage of gross domestic product has fallen sharply, savings rates are up, and the mountain of foreign debt built up over the years has come down considerably.

Latin America has been able to dig out from under by converting much of its debt owed to American banks into Brady bonds, named after former U.S. Treasury Secretary Nicholas Brady. Mr. Brady was able to persuade banks to exchange the notes they held

for long-dated bonds with either a lower face value or the same face value but a smaller coupon.

International development agencies then lent the nations money to buy zero-coupon U.S. Treasury bonds that will be worth the amount of the Brady bonds when the issues mature many years down the road. The arrangement pleased everyone involved.

"You start out with a relatively illiquid piece of bank debt, you swap that for a more liquid bond with a set maturity backed up by the collateral of U.S. Treasury zero-coupon bonds," explained Douglas R. Lempereur, who is in charge of emerging markets fixed-income research for Templeton Global Bond Managers. "It's a win-win situation; banks that used to have debt on their books now have bonds they can sell."

And they have found many willing buyers cheered by the economic renaissance in the region. Over the last several years, the spread between the medium-term government paper of Mexico, considered the most advanced Latin American market, and U.S. Treasury notes of comparable maturity has been driven down from about 9 percentage points to 3.

THAT has occurred even as the yields on U.S. debt instruments have themselves shrunk considerably, and amid the explosion in the amount of new debt hitting the market. The investment banks that handle those flotations — talking, talking, talking — so now people say it's time to "buy," said Marc Wenhammar, who manages the Latin American Extra Yield Fund for Foreign & Colonial Management.

The slim coupons being paid on American bonds have been an inducement to head south.

"Yields are beyond those in the rest of the world," Mr. Castro said. "Now U.S. rates are low and rates in Europe are expected to come down." With Latin American economies building up their private sectors, and with yields on government issues falling, the focus among institutions has begun to shift to the corporate side.

Banking on Latin America



Table with 2 columns: Fund Name and Total return over two months to Feb. 5, 1993 (Open-end funds). Includes funds like Latin Amer Income Co, N.Y. Mex Inc. Dollar A, etc.

"That's what the whole Latin American story is all about now," Mr. Wenhammar said. "It's not only privatizing, but transferring functions to the private sector like debt financing." Governments in the region "don't want to crowd them out of the market. They say, 'You're a big boy now, you go get the credit.'"

Picking a good corporate bond is trickier than choosing a government. "You need to know how good these companies really are," he explained. "Will they pay the coupon or not, are they dollar earners or not? Even if things are improving now, you have to look at the long term." Corporate bonds will pay anywhere from 1 to 2 percentage points above governments.

While many bonds, private and public, have had tremendous returns, some have not. The country factor has a lot to do with it, analysts and fund managers say. The debt markets are "still going nicely in places like Mexico and Argentina," Mr. Lempereur said, "and not as strong in Brazil and Venezuela. The influx of foreign capital has pretty much stopped there."

The reasons are political first, then economic. The bribery scandal that cost Pres-

ident Fernando Collor de Mello his job is the culprit in Brazil, plus the fact that it has not yet adopted the Brady plan. Venezuela is out of favor after two coup attempts in the last year. Its Brady bonds fell from 68 cents on the dollar to recently trade at 51.

"Venezuela is one of the worst-performing markets," Mr. Lempereur said. Still, there could be a recovery after it holds elections later this year, "if a candidate comes to the fore with a program to reduce corruption and reinvestigate the economy."

"If you look at the numbers," Mr. Wenhammar said of Venezuela, "they could be the country with the best dollar capacity because of the oil, but they haven't addressed all the problems they should — whether the president will finish his mandate, will he push the reforms, will there be a reversal in the willingness to repay? There's a secret fear of buying and looking foolish next week if there's a coup or three drunks start shooting in the streets."

Clearly, the prevailing view for the region as a whole is that drunks will not start shooting in the streets and that the political and economic reforms are firmly lodged in place.

"Only 10 years ago there were just two or three democracies," Mr. Castro said. "Now there's basically one dictatorship, Cuba. Politically, the countries have evolved, and that gives them the perception of security."

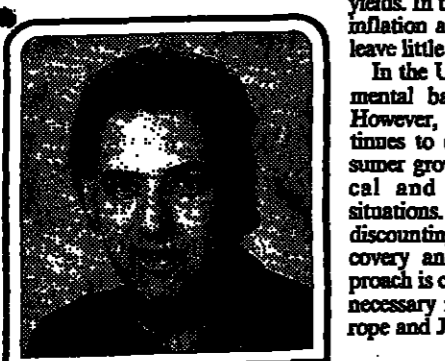
On a cautious note, James W. Conrow, executive vice president of the Inter-American Development Bank, remarked in a report on Latin American capital markets that "it is easy to adopt market principles when the results are as spectacular as they have been."

"But what happens if returns begin to weaken? The political pressure to return to the old ways of paternalism, protectionism and statism would undoubtedly increase if there were a prolonged period of stagnation. But we are confident that Latin America will continue its present policy course."

Could the reforms of the 1980s be reversed? "There's always that risk," concedes Mr. Lempereur. "I'm not saying it's a one-way street, but clearly the momentum is to free-market economies... This is a secular sea change. It will operate longer than the regular economic cycle. Maybe in the next century it will revert, but for the rest of the decade, we're okay."

Monetary Policy Dominates Economic Forecasting in a Tricky Year

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.



Nigel Cuming, senior investment manager, ANZ Grindlays Bank (Jersey)

The dollar is consolidating, prior to moving higher. This is consistent with a rate of economic expansion in the United States in the fourth quarter of last year that was unsustainably high. A slower rate of growth is likely as income growth is limited. Later in the year, lower German interest rates, the develop-

The best bond market prospects in Europe appear to be in France. In Germany, inflationary forces may prove difficult to conquer, leaving less room for a fall in yields. In the U.K. market, nascent inflation and low short-term rates leave little scope for further gains.

In the United States, the fundamental background is favorable. However, market leadership continues to change away from consumer growth issues toward cyclical and industrial recovery situations. The U.K. market is now discounting a clear economic recovery and a selective-value approach is called for. Caution is still necessary in both continental Europe and Japan.

Usually, economic forecasting is like weather forecasting: the further ahead you look, the more uncertain things become. Occasional-ly, though, it is just the opposite; it is uncertain exactly how and when things will evolve, but it is crystal clear where they will end up eventually. So it is now with German interest rates.

The markets have become preoccupied with the timing and size of

the next German rate cut. Meanwhile, they have taken their eye off the end-point of the process. The money market implies that German short rates will be down to about 6.4 percent at year-end and to 6 percent by March 1994. Second-guessing the Bundesbank in the near term is tricky. Why bother when you know German rates will

There is no reason to expect recovery in Germany in 1993.

be way below 6 percent in 15 months time? My guess is they'll be in the 4 to 4.4 percent range.

That's because the German economy is in recession and there is no reason at all to expect any recovery during 1993. Many German commentators are looking for a revival of exports but that is just because every other German of the war recession has been ended by a pickup in exports. This time, with the United States growing at 4 percent or less and the dollar at 1.6 Deutsche marks, while Europe stagnates, there will be no export boom. Fiscal policy is moving to restriction in Germany, with tax increases threatened as far ahead as 1995. Yet domestic demand must recover if the economy is to do so, and easier money is the only way to bring that about. It is laughable to think that 2 percentage point cuts in rates will make any substantial difference in Germany, with its fixed-rate mortgage system and bond yields already discounting more than that off short rates.

A drop of 400-500 basis points is far more likely. Of course, right now the Bundesbank remains preoccupied with inflation and such large reductions are far from its mind. But think ahead. By September or October, inflation should

be way below 6 percent in 15 months time? My guess is they'll be in the 4 to 4.4 percent range.

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Outlook

look much less of a problem, with the headline rate falling toward 3 percent under the impact of low wage settlements. The effect of VAT increases falling out of the base in January 1994 will take inflation down to 2.5 percent and with the economy still in recession, inflation prospects will look good. So, bigger rate cuts are quite likely in the autumn, continuing in 1994 before the economy recovers in the middle of that year. The duration of the recession has been underestimated in every other country during the past year or two; Germany will be no exception.

The moral is buy long-dated German interest rate futures or options. If you are the nervous type, you can sell the June 1993 Euro-mark contract and buy the December one. The point is, the market may be either too optimistic or pessimistic for interest rates in the near term but it is clearly too pessimistic for 1994. Two-year options are another way to take advantage of this.

Finally, look at the implied spread between French and German interest rates next year. The market seems to think French short rates will be over 100 basis points above the German ones, even then.

I bet you can't even think of a scenario that would justify having French rates so high! Will there be an ERM bust-up? I think lower French rates are more likely! But if Germany does indeed cut 300 basis points by the end of the year, all tension in the exchange-rate mechanism will evaporate. French short-rate spreads will then revert to where they were early in 1992, namely zero. So, buy French interest rate calls or futures and, if nervous, sell German futures or buy puts.

There are two principal ways in which these latest interest rate reductions are likely to affect the Japanese economy. The first involves a reduction in the cost of finance, both for corporations and households, which should, in turn, stimulate more active corporate capital investment and private residential



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo

On Feb. 4, the Bank of Japan cut its official discount rate by 0.75 percent to 2.5 percent, thereby returning it to the extremely low level prevailing from February 1987 through May 1989. In light of the fact that much of the blame for the development of Japan's "economic bubble" has been attributed to the low discount rate on that previous occasion, this latest cut is viewed by some as a particularly "bold and resolute move." The ability of a change in the official discount rate to move the financial markets is probably greater in Japan than in any of the other G-7 countries. This most recent 0.75 percent reduction has induced almost as great a drop in the interbank rate, and the uncollateralized overnight call rate has fallen to about 3.1 percent. Deposit interest and short-term lending rates have also decreased by around 0.5 percent.

There are two principal ways in which these latest interest rate reductions are likely to affect the Japanese economy. The first involves a reduction in the cost of finance, both for corporations and households, which should, in turn, stimulate more active corporate capital investment and private residential

investment. This is, at least, what we would normally expect. A recent corporate capital investment survey carried out by the Ministry of International Trade and Industry indicated, however, that only about a third of the private companies surveyed had cut back on their capital spending programs for financial reasons. In addition, pri-

Lower Japanese interest rates will exert a beneficial influence on the securities and property markets.

private residential investment has already been benefiting since last year from a plentiful supply of low-interest funds from government financial institutions, and the number of new housing starts duly recovered to around 1.4 million units a year around the middle of last year after bottoming out at an

annual rate of about 1.3 million units. For the above reasons, it seems unlikely that the latest reductions in interest rates will have a particularly marked effect in these areas in the near term.

Much more importantly, the lower interest rates will also exert a beneficial influence on the securities and property markets. For some time now, institutional investors such as pension funds, which have moneys available for long-term investment, have been responding to the high overnight call rates, which have been in the neighborhood of 4 percent, by diverting their funds from stocks into the call market and other highly liquid money markets.

This latest cut in interest rates has, however, finally brought real short-term rates down to more or less neutral levels. It may well pave the way for institutional investors to withdraw their funds from the call market. The lower interest rates should also improve the banks' earnings positions, making it easier for them to write off more of their massive accumulation of bad debts. And they should bring

some welcome relief to the property market as well.

The weakness of the stock and property markets has been hanging like a dark cloud over the Japanese economy, but the recent interest rate reductions should help lift this cloud, benefiting the Japanese economy as a whole. If the economy is to mount a really strong recovery, however, it will still be necessary to implement a supplementary package of fiscal measures. This we expect to be done some time during the April-to-June quarter.

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Issued by S.G. Warburg Asset Management Luxembourg S.A. (the administrator of Mercury Selected Trust), a subsidiary of MAM plc. Enquiries to: Fax (352) 42121650. Tel. (352) 42121201.

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Seahawk's monthly results are reported to Micropal London, the major international fund database. Out of 158 funds in the North American equities category, Seahawk ranked number one for its performance for the period July 1 through December 31, 1992.

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SPORTS

On a Night for Centers, Knicks and Hornets Win

Jordan Fined, Suspended for Game by NBA

United Press International
CHICAGO — Michael Jordan, the Chicago Bulls' star guard, was fined \$10,000 by the NBA and suspended without pay for Friday night's game against the New York Knicks for punching Reggie Miller of the Indiana Pacers in Wednesday night's game.
 Miller was fined \$6,000 for fighting but was not suspended.
 Rod Thorn, the NBA vice president who levied the fines and suspension, said Jordan was assessed the greater penalties for "clearly being the aggressor and for punching Miller."
 Miller was fined for fighting and hitting Jordan with a forearm. Jordan exchanged words with Miller then threw a punch at the Pacers' star.
 Miller and the Pacers' coach, Bob Hill, were ejected from the game, with 4:29 left in the first quarter. But Jordan was allowed to continue playing and finished with 40 points as the Bulls won, 115-104.

The Associated Press
 The National Basketball Association's schedule-maker certainly had a flair for drama, matching up the All Star centers Patrick Ewing and Hakeem Olajuwon and the rookie sensations Shaquille O'Neal and Alonzo Mourning for the first time this season on the same night.
 The confrontations were basically a standoff, and neither game was a classic, but the fans in New York and Charlotte, North Carolina, got a view of top-flight center play.
 Ewing scored 24 points on 11-of-15 shooting and grabbed nine rebounds on Thursday night in New York's 125-95 rout of Houston. Olajuwon had 21 points and 11 rebounds. It was the Knicks' sixth straight victory and 10th in 11 games since a loss to the Rockets on Jan. 16.
 The first O'Neal-Mourning confrontation was all action and little talk, although the two traded a few hard words and a few separated before skirmish of big men, getting 29 points and 15 rebounds while Mourning had 27 points and 14 rebounds. But Mourning walked off with the bigger prize — Charlotte's fourth victory in its last five games and seventh in 10, by a score of 116-107.
 Mourning got the Charlotte Coliseum crowd rocking with several second-half dunks. Those baskets, as well as a 12-2 fourth-quarter run that turned a four-point deficit into a 99-93 lead, helped the Hornets win for the fifth time in six games.
 "A couple of days before the game, the media tried to hype it up like it was a boxing match or something, but it's not," Mourning said. "If I wanted it to be that way, you should have put us in the middle of the floor and given us some gloves."
 "Instead of worrying about each other, we've got to worry about playing against those other elite centers in the league like Patrick, Olajuwon, David Robinson," Mourning said. "Those are the ones that we should be getting prepared for."
 O'Neal said that "I try not to get too pumped up to play one particular player," but admitted that for the press it is "O'Neal versus Mourning, the battle of the future."
 Mourning, the second player chosen in last spring's NBA draft behind O'Neal, was one of six Hornets in double figures. Kendall Gill scored 21 points and Larry Johnson had 20 points and 13 rebounds for Charlotte. Nick Anderson finished with 24 points for Orlando.
 In New York, the Knicks outshot the Rockets by 58 percent to 41 percent and also set a season-high with their 125 points.
 John Starks finished with 23 points and Tony Campbell and Anthony Mason each had 15 as the Knicks placed six players in double figures.
 New York, which trailed twice in the opening five minutes, pulled away for a 62-44 lead at halftime and turned the game into a rout with a 37-point third quarter during which the Knicks shot 71 percent from the field.
 "For some reason, on the road we play to play, at home we play to win," Olajuwon said. "We weren't ready to play, I mean, we were ready to play, but we weren't ready to win."
 Suns 124, Warriors 106: Phoenix handed Golden State its eighth straight loss behind Danny Ainge's career-high seven 3-pointers and season-high 33 points.
 Ainge was 7 for 12 from long range, raising his 3-point percentage to 47.1 this season, while Charles Barkley had 26 points and 19 rebounds and Dan Majerle scored 20 points for the visiting Suns, who won their fifth consecutive game.
 Spurs 105, Bulls 95: San Antonio won its sixth straight game and 13th in a row at home as Avery Johnson had a career-high 23 points and passed for 10 assists against Washington.

NBA HIGHLIGHTS

things got out of hand. Statistically, O'Neal won this newest skirmish of big men, getting 29 points and 15 rebounds while Mourning had 27 points and 14 rebounds. But Mourning walked off with the bigger prize — Charlotte's fourth victory in its last five games and seventh in 10, by a score of 116-107.
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Blazers Discipline 4 Over Sex With Minors

The Associated Press
PORTLAND, Oregon — The Portland Trail Blazers, idolized in this one-sport town, are trying to restore an image that has been tarnished by a sex scandal in Utah.
 Even as Salt Lake County Attorney David Yocum was announcing that he would not press criminal charges against the four players who were said to have had sex with two 16-year-old girls, the team's management was suspending two of the players and fining the other two.
 Rookie Dave Johnson and Tracy Murray were fined Thursday and suspended without pay for three games. Starter Jerome Kersey and rookie Reggie Smith were fined. The suspensions will have little practical effect on the team, as Johnson and Murray rarely play.
 Just two hours after Yocum announced his decision, a news conference was held by Geoff Pietre, the Blazers' senior vice president for operations. He talked about the disciplinary action and, for the first time, named the four players.
 He would not disclose the size of the fines but said they were substantial. The players also will undergo counseling, said Pietre, who added that the Trail Blazers "feel deep regret that some of our players have shown poor judgment, and for that we apologize."
 He said the Blazers felt they had to wait until a decision on criminal charges was made before taking disciplinary action.
 "People should have faith that those running this organization know the difference between what's right and what's not right," said Coach Rick Adelman.
 Kersey, a 30-year-old veteran in his ninth NBA season, and Smith issued statements apologizing for their actions.
 Kersey insisted that all he had done was to meet the girls, and he said he had "used very poor judgment" in putting himself and the team "in a position to be associated with a situation that tarnished the good name and image of my teammates and the Trail Blazers franchise."
 Yocum said no felony charges were filed because the two 16-year-olds were not covered or entered to take part in sex on Jan. 23.
 Yocum said he could have pursued misdemeanor charges of contributing to the sexual delinquency of a minor, but the two girls did not want to endure the publicity that would have come with a trial. He said, however, that he would ask the Utah Legislature to change the law to make it a felony to have sex with anyone under 18.
 The NBA issued a statement calling the players' conduct "disturbing" and said a decision would be made soon on whether any additional measures were necessary.
 "I think all sports teams need to realize that you're going to be a target and you need to be responsible for your actions, so you've just got to make better judgments," Portland guard Clyde Drexler said. "Most of the guys know that, but for the few that don't, you have to keep talking about it."



Alonzo Mourning, left, battled Shaquille O'Neal from backboard to backboard as the Hornets won.

7-2 Latvian to Have Her Day in the Sun

By George Vecsey
New York Times Service
NEW YORK — Her knees are shot from all those years of lugging her 7-foot, 2-inch body up and down the court, but Ulyona Semyonova hopes to make another long haul after the spring thaw. She would travel from Latvia to Massachusetts, no longer to intimidate rival centers but to be installed in the Basketball Hall of Fame in Springfield on May 10.
 Semyonova, of Riga, and Ann Meyers, of California, opponents from the old days of the Cold War, will be inducted together. Meyers has a CBS broadcasting job and a home in Palm Springs; Semyonova lives with her mother in a one-bedroom apartment in Riga, and is not strong enough to work at the moment.
 Their lives seem almost like a polar image of two different systems. From a happier perspective, the pairing of these two foes shows again that the universal sport for men and women.

Vantage Point
 To its credit, the Basketball Hall of Fame — in the town where Dr. James Naismith invented the sport — has opened its main wing to the great players of both sexes, from around the world. Two years ago, the first woman. Last year, the first foreign player, Sergei Belov, a Russian.
 When Ulyona Semyonova is installed on the same day as Julius Erving, we know something is happening. Dr. J and Big Olie. He set a standard for scoring individual brilliance — as American as sweet potato pie. She was the epitome of collective power and endurance — as Soviet as the patient lines at the bread store.
 Few Americans understood that Semyonova was really a Latvian, one of those engulfed nations with separate languages, separate histories. But as a representative of the gigantic might of the Soviet Union, she would do.
 "She didn't jump at all," said Meyers, the lithe star from UCLA. "Sometimes she didn't even start. Maybe they're honoring her partly for her stature, but she lasted 18 years. Eighteen years."
 Meyers cannot imagine. She learned to compete in an athletic family of 11 children. She had one tryst with the male Indiana Pacers, one year as a star in the fledgling Women's Basketball League, and then she could go on with a life in broadcasting.
 She is married to Don Drysdale, the former Dodger pitcher, and is expecting their third child. They are believed to be the only American couple to be in major athletic halls of fame.

Parish Charged After Marijuana Found

Compiled by Our Staff From Dispatches
BOSTON — The Boston Celtics' center, Robert Parish, who at 39 is the oldest player in the NBA, was charged Friday with possession of marijuana.
 Authorities said a drug detecting dog in San Francisco had scented marijuana Wednesday night in a Federal Express package addressed to Parish. The information was relayed to police in Massachusetts, where a police dog again detected marijuana when the package arrived at a Federal Express facility.
 Police obtained a search warrant, opened the package and found it contained several ounces of marijuana, said Kurt Schwartz, an Essex County assistant district attorney. He said another warrant was obtained for Parish's home, where authorities found five ounces of marijuana.
 The Middlesex County district attorney's office said Parish and his house guest, Heather Graves, 24, of Atlanta, were each charged with one count of possession and would be arraigned March 3.
 The charge is a misdemeanor, punishable by a maximum of six months in jail and a \$500 fine. Parish, who has played for the Celtics since 1980, was in Dallas with the team for a game Friday night. (AP, UPI)

No. 5 Arizona Rallies to Beat Washington State

The Associated Press
 It looked like there could be an upset in the making until Arizona's big guys showed up and took charge.
 After struggling early, No. 5 Arizona moved in from the perimeter to take control from a gutsy Washington State squad and got a 70-64 victory Thursday night in Pullman, Washington.
 Chris Mills scored 19 points and Damon Stoudamire scored 13 of his 17 points in the second half as the Wildcats put the game away in the final minutes by going on a 13-4 run to break a 57-57 tie. The Wildcats (16-2, 10-0) posted their 10th consecutive Pac-10 Conference victory and ended the Cougars' conference winning streak at six in front of 9,640 raucous fans.
 "We didn't think it was going to be easy and it wasn't," said the Arizona coach, Lute Olson. "This is becoming a tough place to play and the crowd helped Washington State keep up their intensity."
 No. 12 UNLV 80, San Jose State 74: At San Jose, California, J.R. Rider scored 23 of his 37 points in the second half as UNLV (16-2, 9-2) Big West rallied from a 40-30 halftime deficit against San Jose State (16-15, 2-10).
 No. 16 Utah 88, San Diego State 77: Josh Grant scored 18 points and sank three straight field goals at the start of the second half as the Utes (18-3, 11-1 Western Athletic Conference) pulled away.
 No. 20 Tulane 62, Louisville 60: In New Orleans, Tulane (17-4, 7-1 Metro Conference) escaped when Dwayne Morton's 35-foot shot from Louisville (13-6, 8-1) bounced off the backboard at the buzzer.
 No. 22 Massachusetts 81, St. Joseph's 69: At Philadelphia, Harper Williams scored 21 points and Jerome Malloy added 18 as Massachusetts won its 10th straight. The Minutemen (16-4, 8-1 Atlantic-10)

never trailed St. Joseph's (14-6, 6-3).
 No. 24 Virginia 75, N.C. State 66: At Charlottesville, Virginia, Cory Alexander did not take a shot in the first seven minutes but finished with 25 points.
 Virginia (14-5, 6-4 Atlantic Coast Conference) defeated the Wolfpack (5-13, 1-9) for the fourth straight time and the sixth in their last seven meetings.
 No. 25 New Orleans 81, Texas-Pan American 63: In Edinburg, Texas, Ervin Johnson had 21 points, 23 rebounds, three steals, two assists and two blocks for the Privateers (18-2, 12-0 Sun Belt Conference).
 Eventually, the giant's body wore down. At the Goodwill Games in Moscow in 1986, Donyale "Blackie" Semyonova, six with a "split" that could be heard in Chelyabinsk. They took Semyonova out of the game and dropped her from the team before the world championships.
 Since the breakup of the Soviet Union, Semyonova works for the Latvian basketball federation when she can get around.
 "She is very proud of this," Marina Zagorska, an interpreter at the federation, said Thursday. "She said it is a very important honor. She has difficulties with English, but she will give interviews when she comes to Springfield."
 The Basketball Hall of Fame will, of course, pay the expenses. The Hall is getting bigger. The world is getting smaller.

PEANUTS
 "I DON'T KNOW" SAID THE FARMER. "I'M NOT A COW!"
 HA HA HA HA HA
 ROCKS NEVER LAUGH AT ANYTHING.
 SNACK!
 AH HA HA HA!
 THAT WAS HILARIOUS!
 HA HA HA!
 POW!
 A JOKE IS NEVER AS FUNNY THE SECOND TIME YOU HEAR IT.

BLONDIE
 HERE'S A VALENTINE FOR YOU, MRS BUMSTEAD.
 THAT'S SWEET, BLONDIE. BUT SOULMATE YOU GIVE THIS TO A NICE GUY.
 I ALREADY DO. I GAVE IT TO STACIA CANTONIS BUT SHE SALE BACK.
 SHE MUST STILL BE MAD ABOUT THAT SHOW I PUT DOWN HER BECA.
 "WHAT ARE YA GONNA DO WHEN I GROW UP AND MOVE AWAY?"
 "CELEBRATE!"

WIZARD of ID
 I SEE A TALL, SKINNY KNIGHT WITH A BIG NOSE...
 WELL?
 SOMETIMES IT'S BETTER NOT TO KNOW.

JUMBLE
 OPTIV
 YOWLL
 FLIEBE
 FEINED

BEEBLE BAILEY
 (SIGH!) WE HIKE TEN MILES OUT THIS MORNING, THEN TEN MILES BACK THIS AFTERNOON?
 YEAH, WHAT'S THE PROBLEM?
 I JOINED THE ARMY BECAUSE I WAS SICK OF COMMITTING.

REX MORGAN
 I REVIEWED YOUR EDUCATION PLAN FOR SPRING AND PETER TIMOTHUS... ITS VEPE THOROUGH.
 I'M GOING TO START THEIR SESSIONS TONIGHT AT THE HOSPITAL.
 YOU KNOW, THERE'S A LITTLE GLEAM IN SPIROS' EYE WHEN HE LOOKS AT YOU!
 YOU'RE IMAGINING THINGS, DOCTOR!

DOONESBURY
 SCOUNDREL! I MADE MY REVENUE, DRESSING UP MARIJUANA BROWNS, USUALLY STAYING TO SLEEK.
 LET'S TRY FOR THE GUY, MAIZE SHAYS A BROWNIE...
 LET'S SH- UEE! YOU EAT THE BROWNIES TOO?
 UM, YES, I SHOULD TRY TO BE SOCIABLE.
 ARE YOU CRAZY AND YOU TOOK THIS EVERY MEET?
 WHAT'S THE BIG DEAL? A LITTLE GOOD NEVER...
 NO, NO, THE ONCESTER! THIS ISN'T THE YES ANYMORE, COUSIN!

REN MORGAN
 I REVIEWED YOUR EDUCATION PLAN FOR SPRING AND PETER TIMOTHUS... ITS VEPE THOROUGH.
 I'M GOING TO START THEIR SESSIONS TONIGHT AT THE HOSPITAL.
 YOU KNOW, THERE'S A LITTLE GLEAM IN SPIROS' EYE WHEN HE LOOKS AT YOU!
 YOU'RE IMAGINING THINGS, DOCTOR!

GARFIELD

To our readers in France
 It's never been easier to subscribe and save with our new toll free service.
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DAVE BARRY

New Generation Gap

MIAMI — My son got his ear pierced. He's 12. For 12 years I worked hard to prevent him from developing unnatural bodily holes, then he went out and got one on purpose. At a shopping MALL.

It turns out that minors can have their earlobes assaulted with sharp implements by shopping-mall-booth personnel who, for all we know, have received no more formal medical training than is given to burrito folders at Taco Bell.

And the failed Clinton administration is doing NOTHING.

You're probably saying: "Don't blame the government! As a parent, YOU must take responsibility! You and your wife, Beth, should sit your son down and give him a stern reprimand."

Listen, that's a great idea, except for one teeny little problem, which is that BETH IS THE PERSON WHO DROVE HIM TO THE PIERCING PLACE. This is the same woman who, when Rob was 6, allowed him to get a "punk" haircut that transformed him in just a few minutes from Christopher Robin into Bart Simpson; the same woman who indulges his taste for clothes that appear to have been dyed in radioactive Kool-Aid.

No, Beth is not on my side in the ongoing battle I have waged with my son to keep him normal, defined as "like me, but with less nose hair."

Now you're probably saying: "Who are YOU to be complaining? When you were young, didn't YOU feel you had the right to do things that your parents disapproved of?" Perhaps you are referring to the time in ninth grade when Phil Grant, Tom Parker and I decided that pipe-smoking was cool, so we got hold of some pipes and stood around smoking smoke, thinking we looked like urbane sophisticates, when in fact we looked like the Junior Fred MacMurphy Dork Patrol.

I will admit that when my parents found out about this (following a minor desk fire in my room) and told me to stop, I went into a weeping door-slaming sulk, as though the right of ninth-graders to smoke pipes was explicitly stated in the U.S. Constitution.

But we cannot compare these two situations. In the case of my pipe-smoking, my parents were

clearly overreacting, because the worst that could have happened was that I would have burned the house down and gotten cancer. Whereas I have a very good reason to object to Rob's earlobe hole: It makes me feel old. Rob wears a little jeweled ear stud, and it's constantly winking at me and saying: "Hey there, Old-Timer! YOU'D never wear an ear stud! And neither would Grandpa Walton!"

I am also being rapidly aged by Rob's choice of radio stations. The one he now prefers is operated by one of the most dangerous and irresponsible forces on earth, college students. I was concerned about what they might be playing, so I tuned it in on my car radio. The first song I heard didn't sound so bad, and I said to myself: "Hey! Pachelbel I am still fairly 'hip' after all!" And then the deejay came on and said, apologetically: "I realize that song was MAINSTREAM."

He said "mainstream" the way you would say "composed by Phoenicians."

Yes, college students are in on the plot with my son to make me feel old. Not long ago I was sitting on a beach near a group of male college students who were talking about a bungee-jumping excursion they had taken.

They were bragging about the fact that they had leaped off the tower in the only cool way, which is headfirst and backward.

They spoke with great contempt about a group of fathers — that's the term they used, "fathers," making it sound as though it means "people even older than Phoenicians" — who had jumped off feet first, which the college students considered to be pathetic.

This made me feel EXTREMELY old, because I personally would not bungee-jump off the Oxford English Dictionary.

My son, on the other hand, would unhesitatingly bungee-jump off the Concord. And he's only 12.

Who KNOWS how old he'll make me feel by the time he's 14? What if he wants a NOSE RING?

I won't allow it! I'm going to put my foot down! I'm going to take charge!

I'm going to steal Beth's car keys.

Knight-Ridder Newspapers

Mr. Love's Secret Life and Public Death

By Cathy Horyn and Patricia Dane Rogers

WASHINGTON — To begin with, there was the body: black male, 200 pounds, naked on a sleigh bed. He was dead, all right, dead and lying face up on a tupe coverlet with a stone pineapple stuck in his head. There were slashes across his ankles and testicles, but these appeared to have been an afterthought — a case of overkill with a serrated knife. What had killed him was the pineapple, and the fact that it had crushed his skull and remained there for three days was an indication of how deadly a 40-pound final can be when used as a murder weapon.

Something else surprised Detective Ray Crawford that afternoon. Until he walked into the bedroom at 3133 Connecticut Avenue with Sergeant Walter Staples and four other detectives from the District of Columbia police homicide squad, he had assumed the victim was white. It was the address, he said. Moreover, it was an apartment in the Kennedy-Warren, and it seemed to Crawford, who is black, that this was the sort of place where a white person would live: an apartment that did not have a couch but did have a French settee; that did not have a dining room but did have an Empire table set with topiaries and silver-framed pictures. It was the kind of apartment, in other words, that belonged to someone who had understood the surface of things, and it was this impression, more than the actual details, that made Crawford believe the man on the sleigh bed was not entirely who he appeared to be. Nothing about the living room or the library, with its pretty green wallpaper, suggested there had been a struggle, and so the detectives focused their investigation on the bedroom, a room done in shades of beige with khaki swags over the windows that were edged with five-inch bullion fringe. There were certain inconsistencies about the room. For example: The victim's clothes had been placed on a chair, but the closet and the drawers of the dresser appeared to have been opened and gone through. "But not," said Crawford. On the evidence of this, and the fact that several watches and articles of clothing were later discovered to be missing, the detectives concluded that robbery had been the motive. And given the condition of the room, its relative neatness in the face of mayhem, the detectives also concluded that the killer had been in the apartment before. "We knew he had been a friend," said Crawford. But what was most interesting about this premise was something that was still in the apartment, something that perhaps the killer had seen as he reached for the stone pineapple. On a high table at the head of the bed was an arrangement of silver frames, not unlike those in the living room, and Crawford looked at them. Here were people who had known the victim — friends, presumably. Women in evening clothes, men in black tie; people, it seemed to Crawford, in high places. More than once that day, and for several days to come, the detective would look at those pictures and the ones arranged amid the topiaries and say to himself, "This was someone who was photographed with the Queen of England and Barbara Bush. Who was this guy? Who was he?"

As it turned out, he was Kenneth P. Love, the 42-year-old son of a retired army master sergeant and a cafeteria supervisor, and at 3:25 P.M. on Dec. 21, approximately 60 hours after he had last been seen alive, he was officially pronounced dead by the medical examiner of the District of Columbia. Of course, he had been more than the son of a noncommissioned officer, and that was precisely the



Kenneth Love: After he died, his friends learned they hadn't known him at all.

point that lifted the details of his death into apogee. He was Kenneth Love, the florist. Kenneth Love, whose clients included Oatsie Charles, Marion Rosenthal, Katharine Graham, Deeda Blair, Jennifer Phillips, Ruthie Leffall, Ann Jordan, Amie Block and Patsy Preston, whose corporate clientele included Red Sage, the Ritz-Carlton, the Phillips Collection and The Washington Post, and whose murder now produced conflicting feelings of grief and doubt.

"I've never seen so many big-dealers in this town upset about anything as this," said the Georgetown decorator Anthony P. Browne, who was in Newport with Robert and Oatsie Charles when he heard the news about Love. And indeed, before the body had reached the city morgue, before it had been tagged and positively identified by a member of the family, there was a sense of circling lightning up along the coast, of phones ringing off the hook.

At Templeton, the Long Island estate of C.Z. Guest, there were recollections of conversations going back 15 years. "He would call me for advice about flowers. He would ask about combinations — what went with what — and I told him most flowers get along with each other," said the gardening columnist and wife of the late sportsman Winston Guest. "I hadn't heard from him for a long time and asked Oatsie in Newport last summer, 'Where the hell is Kenneth?' He used to call me if anything went wrong. He meant a lot to a lot of us."

In Newport, where the Charleses had gone the morning of Dec. 18, leaving two notes with the maid in Georgetown for Love to deliver with flowers to Deeda Blair and Buffy Catritz, the grief was palpable. "Anthony Browne is sitting here, and he and Robert and I were talking about it," she said the day after the body was discovered. "I'm not going to feel the same about Washington. What are we going to do without Kenneth?" Her voice dropped. "Who will do our flowers, mend the china or rearrange the furniture? Who will say this chair ought to be moved there? There is no one."

On Dec. 26, at 2:30 P.M., a Service of Christian Burial was offered for Kenneth Love at the Church of the Holy Communion on Martin Luther King Avenue in Southeast. Some 100 mourners watched the family walk up the aisle and enter the first pews on the right — parents Ramona and John walking between two grandchildren, brothers Darryl, Eric and Steve holding babies against their shoulders, sister Cindy. They heard the Reverend Frederick Quinn speak of Love's "restless, entrepreneurial side," heard him say that "our Lord was no stranger to violent death." They may or may not have wondered who among them had witnessed that "restless, entrepreneurial side," since there was only one client present — Deeda Blair, who came with her husband, the former ambassador William McCormick Blair — and a handful of close friends, a number owing perhaps to the holidays but more to the fact that until Love died, none of his clients and very few of his friends knew that his parents lived just across the Anacostia River, and that he had grown up in a little white bungalow shaded by green alhambra awnings and surrounded by a cyclone fence.

And, as it turned out, they would know more about him than dead men alive, for on Jan. 5, 10 days after the funeral, Continued on Page 6

PEOPLE

When Michael Talks, 90 Million Folks Listen

When Michael talks to Oprah, Americans listen — 90 million of them. Michael Jackson's live interview with Oprah Winfrey was one of the most-watched entertainment programs in television history, ABC Entertainment says. The show reached 36.5 million TV homes, making it the fourth highest-rated entertainment show since 1960, behind CBS' "MASH" finale in February 1983 (50.2 million households), the "Who Shot J.R.?" "Dallas" episode on CBS in November 1980 (41.5 million) and ABC's "The Day After" in November 1983 (38.5 million). In Los Angeles, Superior Court Judge David Yaffe has ruled that Jackson's top-secret recording contract will stay just that, secret. He said it is mostly irrelevant to a lawsuit filed against the singer and his label, Sony Records, over a three-dimensional sound system by the system's inventor, Hugo Zaccarelli.

Paul Simon and Art Garfunkel are reuniting for the third time since they broke up in 1970. They will sing on March 1 at a Los Angeles concert to raise money for homeless children. The show will feature Neil Young and Steve Nouri.

A car in which Katherine Hepburn was riding got into a minor traffic accident while driving into Petersburg, Virginia. No one was hurt and no charges were filed. The driver of Hepburn's car, Howard Frederick, told police she was going to Florida. Asked her destination by a reporter, the 85-year-old actress replied, "None of your business."

Sir Ramphal Finesse, 48, and Dr. Michael Stroud, 37, saying they were "more dead than alive," have cut short their trek across Antarctica. A plane picked up the two British polar explorers on Friday, about 350 miles short of their goal.

Out of sight, but not out of mind: While Mike Tyson is in jail for rape, NBC was showing Friday's hour documentary, "Fallen Champ: The Untold Story of Mike Tyson."

INTERNATIONAL CLASSIFIED Appears on Pages 6 & 11

WEATHER

Weather forecast section including maps for Europe, North America, and Asia, with temperature and precipitation data for various regions.

HOORAY FOR LOVE By Alex F. Black

Crossword puzzle grid with clues for Across and Down words, including 'Nonsense', 'Prosperty', 'Tennis stratagem', etc.

BOOKS

INDONESIAN POLITICS UNDER SUHARTO: Order, Development and Pressure for Change

By Michael R. J. Vaitskiotis, 220 pages, Routledge, \$35. Reviewed by Harold Crouch

It is widely accepted in Indonesia that President Suharto will be re-elected for a sixth five-year term in office in March. Suharto, a retired army general, has presided over a quarter century of extraordinary economic growth, which has brought about a significant rise in Indonesian living standards. He has won international recognition for the country's success in attaining self-sufficiency in production

of rice, a staple food, and controlling population growth. In 1992, Suharto became chairman of the Non-Aligned Movement. Yet, despite these achievements, Indonesia's political elite faces the future with a sense of foreboding. As Michael Vaitskiotis, a former correspondent in Jakarta for the Far Eastern Economic Review, shows in this excellent survey of Indonesian politics in the 1980s and early 1990s, many Indonesians wish that Suharto would step down to guarantee a smooth succession. It is widely feared that should the elderly president die or become incapacitated during his next term, an unplanned succession could lead to political turmoil that might jeopardize the many achievements of his era. Vaitskiotis argues that the armed forces no longer play a dominant

role in the Indonesian government, which is now fully controlled by Suharto. The military is still a powerful political force and some commanders want the president to step down. But he is evidently bent on resisting. While there will be continuing tension, Vaitskiotis does not expect a military coup against Suharto. The crisis is more likely to come after he passes from the scene. Then the military will reassert its authority. Vaitskiotis argues that much of the recent trend toward openness and democratization in Indonesia has been driven by rivalry between the president and the armed forces. The military has encouraged opposition groups in order to embarrass Suharto, while he has sought the support of the Muslim community to balance the power of the military. Vaitskiotis does not believe that civil-

Solution to Puzzle of Feb. 6-7

Solution grid for the crossword puzzle from February 6-7.

Large advertisement for AT&T USADirect Service, featuring the slogan 'Speed up the approval process.' and a list of international phone numbers for various countries.